



BOARD'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty-Sixth Annual Report on the business and operations of the Company together with the audited financial statements, prepared under Ind-AS, for the financial year ended March 31, 2023.

OPERATIONS REVIEW

Effective October 1, 2015 post demerger of Financing Undertaking into IDFC FIRST Bank Limited (earlier known as IDFC Bank) ("IDFC FIRST Bank" or "the Bank"), IDFC Limited ("IDFC" or "the Company") is operating as an NBFC - Investment Company mainly holding investment in IDFC Financial Holding Company Limited ("IDFC FHCL") which is a non-operative financial holding company. IDFC FHCL in turn holds investments in IDFC FIRST Bank Limited. IDFC has minimal business operations and its main focus is to simplify corporate structure and unlock value for shareholders. During the year, Balance Sheet size increased from Rs. 9,416.45 crore as on March 31, 2022 to Rs. 9,570.64 crore as on March 31, 2023. Profit after tax and other comprehensive income was higher at Rs. 2,029.00 crore for FY23 as compared to Rs. 53.88 crore in FY22. Net worth of the Company increased from Rs. 9,391.06 crore as on March 31, 2022 to Rs. 9,518.64 crore as on March 31, 2023. During the year, the Company transferred

Rs. 405.83 crore to Special Reserve u/s 45-IC of Reserve Bank of India ("RBI") Act, 1934. Details of business overview and outlook of the Company and its subsidiaries are appearing in the chapter Management Discussion and Analysis which forms part of this report.

DIVIDEND

The Board of Directors at its meeting held on February 01, 2023 declared a special dividend of Rs.11/- per share. The same was paid on February 23, 2023. The Board also at its meeting held on April 06, 2022 declared an interim dividend of Re. 1/- per share. The same was paid to the Shareholders on May 02, 2022. The Board has not recommended any final dividend for FY 23.

DIVIDEND DISTRIBUTION POLICY

In accordance with the Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), IDFC had formulated

a Dividend Distribution Policy. The policy was adopted to set out the parameters and circumstances that will be considered by the Board in determining the distribution of dividend to its Shareholders and / or retaining profits earned by the Company. The said policy is hosted on the website of the Company and can be viewed at http://www.idfclimited.com/investor_relations/corporate_governance_policies.htm.

SUBSIDIARY COMPANIES

The Company has one domestic direct subsidiary & three associate companies as on March 31, 2023 which are given in **Table 1**.

CORPORATE SIMPLIFICATION DURING THE YEAR

Sale of IDFC Asset Management Company Limited (IDFC AMC) and IDFC AMC Trustee Company Limited (IDFC AMC Trustee)

The Board of Directors of IDFC and the Board of Directors of IDFC FHCL at their respective meetings held on April 06, 2022, had inter alia considered binding bids received in connection with divestment of IDFC AMC along with IDFC AMC Trustee and had approved sale of the entire shareholding of IDFC AMC and IDFC AMC Trustee held by IDFC FHCL to a consortium comprising of Bandhan Financial Holding Limited, Lathe Investment Pte. Ltd. (affiliate of GIC), Tangerine Investments Limited and Infinity Partners (affiliates of ChrysCapital). On July 07, 2022, the Shareholders of IDFC through postal ballot had approved the divestment/ sale/ disposal of the IDFC AMC (material subsidiary of IDFC) and IDFC AMC Trustee.

The aforesaid transaction was completed on January 31, 2023 after receipt of all necessary regulatory approvals and completion of mutually agreed closing related actions. On sale of IDFC AMC & IDFC AMC Trustee, IDFC FHCL (a wholly owned subsidiary of IDFC Limited) received sale consideration of Rs. 4,490.50 crore. The sale proceeds of Rs. 4,490.50 crore were utilised to:

- (a) pay income tax of approx.: Rs. 350.00 crore;
- (b) subscribe to preferential offer made by IDFC FIRST Bank @ Rs. 58.18 per share to take our holding in IDFC FIRST Bank from 36.4% to 39.99%, Rs. 2,200.00 crore;

- (c) pay dividend to IDFC's Shareholders Rs. 1,760.00 crore.

As a result of the sale, IDFC AMC and IDFC AMC Trustee ceased to be a part of IDFC Group Companies with immediate effect. Subsequently, on April 19, 2023 name has been changed from IDFC Asset Management Company Limited to Bandhan AMC Limited and IDFC AMC Trustee Company Limited to Bandhand Mutual Fund Trustee Limited.

MERGER OF THREE WHOLLY OWNED SUBSIDIARIES

In order to simplify corporate structure and to bring synergy, the Board of Directors ('the Board') of IDFC at its meeting held on November 09, 2021 had inter alia considered and approved the Scheme of Amalgamation of IDFC Alternatives Limited (the Transferor Company 1), IDFC Trustee Company Limited (Transferor Company 2) and IDFC Projects Limited (Transferor Company 3) (wholly owned subsidiary Companies) into IDFC (Transferee Company) subject to regulatory approvals from various authorities, as applicable. The Registrar of Companies, Chennai upon receipt of the proposed scheme and Form CAA-9 has intimated the Transferor Company 1, the Transferor Company 2, the Transferor Company 3, and the Transferee Company that it has no observations/suggestions to the Scheme of Amalgamation vide letter dated February 01, 2022. On February 06, 2022, the Shareholders of IDFC through postal ballot had approved the aforesaid Scheme of Amalgamation. The Official Liquidator attached to the Madras High Court has intimated the Transferor Company 1, the Transferor Company 2 and the Transferor Company 3 that it has no observations/suggestions to the Scheme

of Amalgamation vide letter dated March 24, 2022.

The aforesaid scheme was approved and sanctioned by the Hon'ble National Company Law Tribunal, Chennai bench vide Order dated November 22, 2022 ('NCLT Order'). The captioned Scheme of Amalgamation has become operative from December 09, 2022 ('Effective Date'). As on March 31, 2023, IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Projects Limited ceased to exist.

IDFC FOUNDATION

On October 28, 2022, IDFC had entered in to "Deed of Donation" for Donation of entire equity stake held in IDFC Foundation by IDFC to Upajeevan Sangathan Foundation (a "Not for profit" organisation within the meaning of section 8 of the Companies Act, 2013). With divestment of IDFC Foundation, Delhi Integrated Multi - Modal Transit System Limited (DIMTS) and Infrastructure Development Corporation (Karnataka) Limited (iDeCK), both these two joint venture entities have also been divested. As on March 31, 2023, IDFC Foundation ceased to be subsidiary company of IDFC.

PROPOSED MERGER OF IDFC, IDFC FHCL AND IDFC FIRST BANK

The Boards of IDFC, IDFC FHCL and IDFC FIRST Bank at their respecting meetings held on December 30, 2021 have accorded in-principle approval to merge IDFC and IDFC FHCL with IDFC FIRST Bank. The Board of directors of IDFC and IDFC FHCL at their respective meetings held on March 18, 2023 approved: (a) Appointment of SSPA & CO., Chartered Accountants as registered valuer for recommendation of fair share exchange ratio (b) Appointment

01 SUBSIDIARY / ASSOCIATE COMPANIES

SR. NO.	NAME OF THE SUBSIDIARY / ASSOCIATES	DIRECT / INDIRECT SUBSIDIARY / ASSOCIATES	% OF SHAREHOLDING
Domestic Subsidiary			
i.	IDFC Financial Holding Company Limited ("IDFC FHCL")	Direct	100%
Associates			
i.	IDFC FIRST Bank Limited	Indirect through IDFC FHCL	39.99%
ii.	IDFC FIRST Bharat Limited	Indirect through IDFC FIRST Bank	39.99%
iii.	Jetpur Somnath Tollways Private Limited	Indirect through IDFC Limited	26%

of Axis Capital Limited for issuance of fairness opinion on the share exchange ratio (c) Appointment of Cyril Amarchand Mangaldas - Law Firm for conducting due diligence, drafting and finalizing scheme of amalgamation and filing regulatory applications.

Based on recommendations and report of the Audit Committee and the Independent Directors' Committee, the Board of Directors of IDFC and IDFC FHCL, at their respective meetings held on July 3, 2023, have Inter alia, approved a composite Scheme of Amalgamation, ("**the Scheme**") which inter alia envisages the amalgamation of: (i) IDFC FHCL into and with IDFC; and (ii) IDFC into IDFC FIRST Bank, and their respective shareholders, under Sections 230 to 232 of the Act and other applicable laws including the rules and regulations ("**Proposed Transaction**"). The Scheme is subject to the receipt of requisite approvals from: (i) the Reserve Bank of India ("**RBI**"), (ii) Securities and Exchange Board of India ("**SEBI**"), (iii) Pension Fund Regulatory and Development Authority, (iv) Competition Commission of India ("**CCI**"), (v) National Company Law Tribunal, (vi) BSE Limited and the National Stock Exchange of India Limited (collectively, the "**Stock Exchanges**"), and (vii) other statutory and regulatory authorities, and the respective Shareholders, under applicable law.

The share exchange ratio for the amalgamation of IDFC with and into IDFC FIRST Bank shall be 155 equity shares (credited as fully paid up) of face value of Rs. 10/- (Indian Rupees Ten) each of IDFC FIRST Bank for every 100 fully paid-up equity shares of face value of Rs. 10/- (Indian Rupees Ten) of IDFC.

As per the Scheme, (i) "Appointed date 1" means close of business hours on the day immediately preceding the Effective Date for the merger of IDFC FHCL into and with IDFC, and (ii) "Appointed Date 2" means opening of business hours on the Effective Date for merger of IDFC into IDFC FIRST Bank. The Scheme shall be operative from the Effective Date (as defined in the Scheme).

CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors of IDFC reviews the affairs of its subsidiary companies regularly. In accordance with the provisions of Section 129(3) of the Companies Act, 2013 ("the act"), the Company has prepared Consolidated Financial Statements including requisite details of the subsidiary. Further, a statement containing the salient features of performance and financial positions of all the subsidiary companies / associates/ joint ventures in the format AOC-I is appended as **Annexure 1**. In accordance with Section 136 of the Act, the Audited Financial Statements together with the Consolidated Financial Statements and related information of the Company and audited accounts of each subsidiary company are available on the website of the Company: www.idfclimited.com. Detailed analysis of the performance of IDFC and its businesses, including initiatives in the areas of Risk Management, Human Resources, have been presented in the section on Management Discussion & Analysis which forms part of this Annual Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

IDFC had 7 employees as on March 31, 2023. In terms of the provisions of Section 197(12) of the Act, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is provided in this Annual Report. Having regard to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the Shareholders of the Company. The said information is available for inspection at the Registered Office and Corporate Office of the Company during working hours and any Member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request. Disclosure pertaining to remuneration & other details as required under section 197(12) of the Act, read with

Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, are appended as **Annexure 2**.

SHARE CAPITAL UPDATE

During the year, the Company issued and allotted 35,48,494 equity shares to eligible employees of IDFC on exercise of options granted under Employee Stock Option Scheme 2016 ("IDFC ESOS -2016"). As on March 31, 2023, the total paid up capital of IDFC was 1,59,99,84,436 equity shares of Rs. 10/- each.

MANAGEMENT DISCUSSION ANALYSIS AND REPORT ON CORPORATE GOVERNANCE

In compliance with Regulation 34 of SEBI LODR Regulations, separate detailed chapters on Management Discussion & Analysis, Report on Corporate Governance and Additional Shareholder Information forms part of this Annual Report.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

As per Regulation 34(2)(f) of SEBI LODR Regulations and Notifications issued from time to time, a separate report called Business Responsibility and Sustainability Report ("BRSR") describing the initiatives taken by IDFC from an environmental, social and governance perspective which forms part of this Annual Report and also hosted on the website of the Company i.e. www.idfclimited.com.

PUBLIC DEPOSITS

During FY23, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 or under Chapter V of the Act.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Post demerger of financing undertaking into IDFC Bank w.e.f. October 1, 2015, IDFC is registered with RBI as NBFC – Investment Company. Being an investment company, the provisions of Section 186 of the Act are not applicable to IDFC. Hence,

the requisite details of loans, guarantees and investments are not given.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

IDFC has put in place a Whistle Blower Policy, which includes reporting to the Management instances of unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Audit Committee directly oversees the Vigil Mechanism. The provisions of the policy are also in line with the provisions of Section 177 (9) & (10) of the Act. The details of Whistle Blower Policy / Vigil Mechanism are posted on the website of the Company: www.idfclimited.com. There were no instances reported during the year.

FOREIGN EXCHANGE

There were no foreign exchange earnings or expenditure during the year under review.

PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Since the Company does not carry out any manufacturing activity, the particulars regarding conservation of energy, technology absorption and other particulars as required by Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014 are not applicable to IDFC.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of IDFC at its Meeting held on August 14, 2019 had appointed Ms. Ritu Anand (DIN: 05154174) as an Additional Director in the category of Independent Director ("ID") w.e.f. August 16, 2019. At the 22nd AGM held on September 30, 2019, the Shareholders of the Company had approved her appointment as an ID for a period of three (3) consecutive years w.e.f. August 16, 2019 till August 15, 2022. Accordingly, Ms. Ritu Anand had completed her term of 3 (three) consecutive years at the close of business hours on August 15, 2022 and hence, ceased to be an ID of the IDFC. The Board places on record its sincere appreciation for the valuable contribution by her.

The Nomination and Remuneration Committee and the Board of Directors of IDFC, at their respective meetings held on August 24, 2022 accepted the resignation of Mr. Mahendra N Shah as the Company Secretary and Compliance Officer of IDFC at the close of business hours on August 24, 2022. The Board also approved an appointment of Mr. Mahendra N Shah (DIN: 00124629) as the Managing Director-Designate of the Company with immediate effect.

Further, based on recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company appointed Ms. Shivangi Mistry as the Company Secretary and Compliance Officer of the Company w.e.f. August 25, 2022 as designated Key Managerial Personnel in place of Mr. Mahendra N Shah.

Mr. Sunil Kakar was appointed as the Managing Director & Chief Executive Officer ("MD & CEO") of IDFC in the capacity of Key Managerial Personnel for a period of 3 years with effect from July 16, 2017. At the 20th AGM of the Company held on July 28, 2017, the Shareholders of the Company appointed Mr. Sunil Kakar (DIN: 03055561), as the MD & CEO, designated Key Managerial Personnel of the Company for a period of three (3) years w.e.f. July 16, 2017. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company, at its meeting held on June 25, 2020 approved the re-appointment of Mr. Sunil Kakar as the MD & CEO of IDFC from July 16, 2020 till September 30, 2022 subject to approval of the Shareholders. The Shareholders of the Company vide a special resolution passed at its 23rd AGM held on September 25, 2020, re-appointed Mr. Sunil Kakar (DIN: 03055561) as the MD & CEO of IDFC w.e.f. July 16, 2020 till September 30, 2022. The term of Mr. Sunil Kakar as the MD & CEO of the Company ended at the close of business hours on September 30, 2022. The Board places on record its sincere appreciation for the valuable contribution by him.

The Shareholders of the Company, at its 25th AGM held on September 27, 2022,

approved appointment of Mr. Mahendra N Shah (DIN: 00124629) as the Managing Director with effect from October 01, 2022 till September 30, 2023. Accordingly, Mr. Mahendra N Shah was designated as the Managing Director in the capacity of Key Managerial Personnel of the Company with effect from October 01, 2022.

The current term of Mr. Mahendra N Shah will expire on September 30, 2023.

The Shareholders of the Company, at its 23rd AGM held on September 25, 2020, appointed Mr. Ajay Sondhi (DIN: 01657614) as Non-executive Independent Director for a period of 3 (three) consecutive years, from w.e.f. November 08, 2019. The Nomination and Remuneration Committee of the Company, at its meeting held on November 07, 2022, recommended the re-appointment of Mr. Ajay Sondhi as ID w.e.f. November 08, 2022 till conclusion of the 26th AGM of the Company to be held for FY23. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on November 11, 2022 approved and proposed to Members, the re-appointment of Mr. Ajay Sondhi as ID w.e.f. November 08, 2022 till conclusion of the 26th AGM of the Company to be held for FY 23. The Shareholders of the Company through Postal Ballot dated February 07, 2023, approved the re-appointment of Mr. Ajay Sondhi as ID w.e.f. November 08, 2022 till conclusion of the 26th AGM of the Company to be held for FY 23.

In accordance with the provisions of Section 152 of the Act, Mr. Mahendra N Shah (DIN: 00124629) would retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

Based on recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company, at its meeting held on July 17, 2023, re-appointed Mr. Mahendra N. Shah (DIN: 00124629) as the Managing Director w.e.f. October 01, 2023 till September 30, 2024 subject to approval of the Shareholders of the Company.

Further, based on recommendation of Nomination and Remuneration Committee and Audit Committee, the Board of Directors of the Company at its meeting held on July 17, 2023, appointed Mr. Bipin Gemani (DIN: 07816126) as the Whole Time Director and Chief Financial Officer w.e.f. July 17, 2023 till September 30, 2024 subject to approval of the Shareholder of the Company.

Approval of the Shareholders is sought for re-appointment of Mr. Mahendra N. Shah and appointment of Mr. Bipin Gemani at the ensuing AGM.

FRAMEWORK FOR APPOINTMENT OF DIRECTORS

The Company has in place a framework for Board Diversity, Fit & Proper Criteria and Succession Planning for appointment of Directors on the Board of the Company.

DECLARATION OF INDEPENDENCE

The Company has received a declaration from all IDs that they meet the criteria of independence specified under Section 149 of the Act, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of SEBI LODR Regulations for holding the position of ID and that they shall abide by the "Code for Independent Directors" as per Schedule IV of the Act. Pursuant to IICA, Companies (Accounts) Amendments Rules, 2019 Companies (Creation and Maintenance of Databank of Independent Directors) Rules, 2019 and Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019 dated 22nd October, 2019, all IDs on the Board of the Company completed registration on Data Bank.

SPECIAL BUSINESS

The Board of Directors recommends the following items under special business for approval of the Shareholders at the ensuing AGM:

- i. Re-appointment of Mr. Mahendra N Shah as the Managing Director.
- ii. Payment of the remuneration to Mr. Mahendra N Shah as the Managing Director.

- iii. Appointment of Mr. Bipin Gemani as the Whole Time Director and Chief Financial Officer.
- iv. Payment of Remuneration to Mr. Bipin Gemani as the Whole Time Director and Chief Financial Officer.

SHAREHOLDERS' UPDATE BOARD AND ITS COMMITTEES

During the year, 12 Board Meetings and 5 Audit Committee Meetings were held. The Audit Committee was re-constituted on August 24, 2022. The Committee is chaired by Mr. Anil Singhvi (DIN: 00239589) and has Mr. Ajay Sondhi (DIN: 01657614) and Ms. Anita Belani (DIN: 01532511) as its Members. All the recommendations made by the Audit Committee during the year were accepted by the Board. The details of the constitution and meetings of the Board, Audit Committee and other Committees held during the year are provided in the Corporate Governance Report, which forms part of this Annual Report.

BOARD EVALUATION

Pursuant to SEBI LODR Regulations and the Act, the process indicating the manner in which formal annual evaluation of the Chairman, Directors, Board as a whole and Board level committee is given in the Corporate Governance Report, which forms part of this Annual Report.

NOMINATION & REMUNERATION COMMITTEE / REMUNERATION POLICY

The Company has a policy in place for identification of independence, qualifications and positive attributes of Directors. IDFC has put in place a Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and Other Employees. The remuneration of the Executive Director and KMPs are recommended by NRC to the Board for its approval.

AUDITORS

STATUTORY AUDITORS

At the 24th AGM of the Company held on September 22, 2021, the Shareholders had approved the appointment of KKC & Associates LLP (previously, Khimji Kunverji

& Co LLP), Chartered Accountants, (FRN 105146W/W-100621) as the Statutory Auditors for a period of 3 years to hold office from the conclusion of the 24th AGM till the conclusion of the 27th AGM of the Company. KKC has confirmed that they are not disqualified from continuing as Statutory Auditors of the Company for FY 24.

COST AUDIT

In terms of the Section 148 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, the Company is not required to undertake cost audit.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Bhandari & Associate, Company Secretaries to undertake the Secretarial Audit of the Company for FY23. The Secretarial Audit Report is appended as **Annexure 3**.

There are no qualifications or observations or adverse remarks made by the Statutory Auditors in their report. However, qualifications / observations / adverse remark made by Secretarial Auditors are mentioned on page no. 20.

COMPLIANCE WITH SECRETARIAL STANDARDS

Pursuant to the Secretarial Standard-I issued by the Institute of Company Secretaries of India pertaining to Board of Directors, the Company confirms that all applicable Secretarial Standards have been duly complied with during the period under review.

INTERNAL CONTROL SYSTEMS

The Company has in place, adequate systems of Internal Control to ensure compliance with policies and procedures. It is being constantly assessed and strengthened with new / revised standard operating procedures and tighter Information Technology controls. Internal Audit of the Company is regularly carried out. The Audit Reports of Internal Auditors i.e. M/s Grant Thornton India LLP ("GT")

along with their recommendations and implementation contained therein are regularly reviewed by the Audit Committee.

GT verified the key Internal Financial Control by reviewing key controls impacting financial reporting and overall risk management procedures of the Company and found the same satisfactory. Subsequently, it was placed before the Audit Committee of the Company.

RISK MANAGEMENT POLICY

IDFC as a group, has a robust risk management practice that enables it to book, manage and mitigate risks in all its businesses. The Company has a comprehensive Enterprise Risk Management framework which has been adopted across all entities in the group and covers all three types of risks—credit, market and operational risks. The Board through its Risk Management & IT Strategy Committee monitors and reviews risk management of the group on a regular basis. The details of Risk Management Framework are provided in Management Discussion and Analysis.

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments, affecting the financial position of IDFC which has occurred between the end of FY23 and the date of this Board's report.

INSTANCES OF FRAUD REPORTED BY THE AUDITORS

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Act.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year under review, the Scheme of Amalgamation of IDFC Alternatives Limited (the Transferor Company 1), IDFC Trustee Company Limited (the Transferor Company 2) and IDFC Projects Limited (the Transferor Company 3) (wholly owned subsidiary Companies) into IDFC

Limited (Transferee Company) was approved and sanctioned by the Hon'ble National Company Law Tribunal, Chennai bench vide Order dated November 22, 2022 ('NCLT Order'). Apart from above there were no significant and material orders passed by the Regulators / Courts/ Tribunals.

PROCEEDINGS UNDER INSOLVENCY AND BANKRUPTCY

During the year under review, the Company has not made any application nor any proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016.

ANTI SEXUAL HARASSMENT POLICY

The Company has in place the policy on Anti Sexual Harassment. The Company undertakes ongoing trainings to create awareness on this policy. There were no instances of Sexual Harassment that were reported during the period under review. The Company has constituted an Internal Complaints Committee for redressal of complaints and to prevent sexual harassment.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Act:

- > In that in the preparation of the annual financial statements for the year ended March 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- > In that such accounting policies have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the Profit of the Company for the year ended on that date;
- > In that proper and sufficient care has been taken for the maintenance

of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- > In that the annual financial statements have been prepared on a going concern basis;
- > In that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- > In that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

GREEN INITIATIVE

In accordance with the 'Green Initiative', the Company has been sending the Annual Report / Notice of AGM in electronic mode to those Shareholders whose e-mail Ids are registered with the Company and / or the Depository Participants. Your Directors are thankful to the Shareholders for their active participation in this Green Initiative.

ANNUAL RETURN

The Annual Return of the Company has been placed on the website of the Company www.idfclimited.com in compliance with the provisions of section 134(3)(a) read with section 92(3) and the Rules made thereunder.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility ("CSR") was re-constituted on October 17, 2022. Mr. Anil Singhvi was inducted as the Member of the CSR Committee w.e.f. October 17, 2022. The CSR Committee consists of three Directors:

- i. Dr. Jaimini Bhagwati (DIN: 07274047), Chairman
- ii. Mr. Ajay Sondhi (DIN: 01657614), Member
- iii. Mr. Anil Singhvi (DIN: 00239589), Member

The disclosure of contents of the Corporate Social Responsibility Policy of the Company as prescribed in the Companies (Corporate Social

Responsibility Policy) Rules, 2014 forms part of the Board's Report and appended as **Annexure 4**.

RELATED PARTY TRANSACTIONS

The Company has in place the policy on Related Party Transactions and the same has been uploaded on the website of the Company i.e. www.idfclimited.com. In all related party transactions that were entered into during the financial year, an endeavor was made consistently that they were on an arm's length basis and were in the ordinary course of business. IDFC has always been committed to good corporate governance practices, including matters relating to Related Party Transactions. Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, Form AOC-2 is not applicable to the Company. No Material Related Party Transactions, i.e. transactions exceeding 10% of the annual consolidated turnover of the Company as per the last audited financial statements, were entered during the year by your Company.

EMPLOYEE STOCK OPTION SCHEME

Pursuant to the resolution passed by the Members through Postal Ballot dated June 25, 2016, IDFC introduced IDFC Employee Stock Option Scheme, 2016 ("IDFC ESOS 2016") to enable the employees of IDFC and its subsidiaries to participate in the future growth and financial success of the Company. The Scheme is in compliance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

The Company determines the fair value of options using the black scholes model which considers the exercise price, the term of the option, share price at grant date, expected price volatility, dividend yield and risk-free interest rate for the term

of the option. The fair value so determined is charged to profit & loss account as employee benefit expense over the vesting period of the grant.

Disclosures as required under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, have been hosted on the Company's website: www.idfclimited.com which forms part of this Annual Report.

ACKNOWLEDGEMENTS

We are grateful to the Government of India, State Governments, RBI, SEBI, Stock Exchanges, various Ministries and other domestic and overseas regulatory bodies for their continuous collaboration and support. We would like to thank all our Shareholders, Banks for their co-operation and assistance during the year under review.

We would like to express our deep sense of appreciation for the hard work and efforts put in by the employees at all levels of the Group.

FOR AND ON BEHALF OF THE BOARD

ANIL SINGHVI

Independent Non-Executive Chairman
Mumbai | July 17, 2023

ANNEXURE 1 AOC - I STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES / ASSOCIATES / JOINT VENTURES
[Pursuant to first proviso to sub-section 3 of Section 129 of the Act, read with Rule 5 of the Companies (Accounts) Rules 2014]

PART A SUBSIDIARIES

SR. NO.	NAME OF SUBSIDIARY COMPANIES	CAPITAL	RESERVES	TOTAL ASSETS	TOTAL LIABILITIES
1	IDFC Financial Holding Company Limited (Previous Year)	9,029.24	1,756.19	10,822.44	37.01
		9,029.24	418.94	9,504.77	56.59
2	IDFC Asset Management Company Limited (till January 31, 2023) (Previous Year)	-	-	-	-
		2.68	215.62	358.96	140.66
3	IDFC IEH Conservative Fund (till October 06, 2022) (Previous Year)	-	-	-	-
		43.14	(0.57)	42.93	0.37
4	IDFC Foundation (till October 27, 2022) (Previous Year)	-	-	-	-
		13.00	(1.29)	13.04	1.33
5	IDFC AMC Trustee Company Limited (till January 31, 2023) (Previous Year)	-	-	-	-
		0.05	0.42	0.55	0.08
6	IDFC Investment Managers (Mauritius) Limited ^ (till January 31, 2023) (Previous Year)	-	-	-	-
		4.31	(4.00)	0.36	0.05

^ Exchange rate as on January 31, 2023

Average Rate : 1 USD = ₹ 80.22

Figures of ₹ 50,000 or less have been denoted by β.

Part B ASSOCIATES AND JOINT VENTURES

SR. NO.	NAME OF ASSOCIATES/JOINT VENTURES	Rs. IN CRORE		
		IDFC FIRST BANK LIMITED	IDFC FIRST BHARAT LIMITED	JETPUR SOMNATH TOLLWAYS PRIVATE LIMITED
1	Latest audited Balance Sheet Date	March 31, 2023	March 31, 2023	March 31, 2023
2	The date since when Associate/Joint Ventures was acquired	October 21, 2014	October 13, 2016	January 11, 2011
3	Shares/Units of Associate/Joint Ventures held by the company on the year end			
	Numbers of shares/units	2,64,64,38,348	22,31,998	4,26,37,400
	Amount of Investment in Associates/Joint Venture	10,550.76	232.40	132.19
	Extend of Holding %	39.99%	39.99%	26.00%
4	Description of how there is significant influence	Associate (see note 1)	Associate (see note 1)	Associate (see note 2)
5	Reason why the associate/joint venture is not consolidated	NA	NA	See note 3
6	Net worth attributable to Shareholding as per latest audited Balance Sheet	10,822.21	50.59	7.07
7	Profit / (Loss) for the year			
	i. Considered in Consolidation	993.67	18.29	-
	i. Not Considered in Consolidation	-	-	0.65

Note 1: IDFC FIRST Bank Limited and IDFC FIRST Bharat Limited are Associates of IDFC Financial Holding Company Limited. IDFC FIRST Bank Limited is considered as an associate under IndAS 28. Further, IDFC FIRST Bharat Limited is a 100% subsidiary of IDFC FIRST Bank Limited.

Note 2: Jetpur Somnath Tollways Private Limited is an Associate Company of IDFC Limited.

Note 3: Losses to the extent of investment in Associate have already been fully absorbed, so entity is no more consolidated.

Rs. IN CRORE

INVESTMENTS	TURNOVER	PROFIT BEFORE TAX	PROVISION FOR TAX	OTHER COMPREHENSIVE INCOME	TOTAL COMPREHENSIVE INCOME	PROPOSED DIVIDEND (%)	% OF SHAREHOLDING	
							PREFERENCE	EQUITY
10,550.76	173.06	3,634.39	367.14	-	3,267.25	-	-	100%
9,284.34	340.24	333.82	42.41	-	291.41	-	-	100%
-	303.52	117.28	29.66	1.53	89.14	-	-	0%
256.98	397.91	233.59	57.60	0.87	176.86	-	-	99.96%
-	0.31	(0.29)	(0.01)	-	(0.28)	-	-	0%
38.37	1.74	0.50	(0.12)	-	0.63	-	-	69.54%
-	-	0.06	-	-	0.06	-	-	0%
10.00	5.71	(34.29)	-	0.02	(34.27)	-	-	100%
-	0.50	0.02	0.01	(0.00)	0.01	-	-	0%
-	0.60	0.18	0.05	β	0.13	-	-	100%
-	-	(0.47)	-	-	(0.47)	-	-	0%
-	-	(0.53)	-	-	(0.53)	-	-	99.96%

For and on behalf of the Board of Directors of

IDFC Limited

CIN: L65191TN1997PLC037415

Anil Singhvi

Non-Executive Chairman
(DIN: 00239589)
Mumbai, May 04, 2023

Mahendra N. Shah

Managing Director
(DIN: 00124629)
Mumbai, May 04, 2023

Bipin Gemani

Chief Financial Officer
(PAN: AACPG6412A)
Mumbai, May 04, 2023

Shivangi Mistry

Company Secretary
(ACS: 52174)
Mumbai, May 04, 2023

RATIO OF DIRECTOR REMUNERATION TO EMPLOYEE MEDIAN REMUNERATION

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and as amended from time to time.

i. The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year.

The ratio of the remuneration of the MD to the median remuneration of the employees of IDFC Limited for FY23 was 14x.

ii. The percentage increase in remuneration of each Director, CFO, CEO, CS in the financial year

MD – Not Applicable*
CFO – Nil
CS – Not Applicable*

iii. The percentage increase in the median remuneration of employees in the financial year

The median pay increase for eligible employees was 0.5%.

iv. The number of permanent employees on the rolls of the Company.

There were 7 employees of the Company as on March 31, 2023

v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

Average percentile increase for Managerial Personnel for the last financial year was 7%. Average percentile increase for employees other than the Managerial Personnel for the last financial year was 20%. The average percentile increase in the remuneration of employees compared to increase in remuneration of Key

Managerial Personnel as per the Act is in line with the compensation benchmark study and the performance of the Company over a period of time. There is no exceptional increase in the Managerial Remuneration.

vi. Affirmation that the remuneration is as per the remuneration policy of the Company.

We confirm.

Note: The Non-Executive Directors of the Company are entitled for sitting fee and commission as per the statutory provisions and within the limits approved by the Shareholders. The details of remuneration of Non-Executive Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for Non-Executive Directors Remuneration is therefore not considered for the purpose above.

* appointed during the year

SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
IDFC Limited
CIN: L65191TN1997PLC037415

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IDFC LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **March 31, 2023** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended March 31, 2023 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings#.
- v. The following Regulations and

Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018#;
- d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021#;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 to the extent of provisions dealing with client and referring to the Companies Act, 2013;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021#; and
- h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018#;

The Regulations or Guidelines, as the case may be were not applicable for the period under review.

The list of Acts, Laws and Regulations specifically applicable to the Company are given below:

- vi. Reserve Bank of India Guidelines for Licensing of New Banks in the Private Sector, 2013.
- vii. Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ["Listing Regulations"].

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent applicable except in respect of the followings:

- i. The Company did not have requisite number of directors on its Board during the period from August 16, 2022 to August 23, 2022 and October 01, 2022 to March 31, 2023 as required under Regulation 17(1)(c) of Listing Regulations.
- ii. The Risk Management Committee did not have requisite number of members during the period from August 16, 2022 to August 23, 2022 as required under Regulation 21 of Listing Regulations. Further, the gap between two meetings of Risk Management Committee held on May 6, 2022 and November 11, 2022 exceeded one hundred and eighty days.
- iii. The Company did not have requisite number of members in its Corporate Social Responsibility Committee during the period from October 1, 2022 to October 16, 2022 as required under section 135(1) of Companies Act, 2013.
- iv. The Company on October 17, 2022, has transferred equity shares in respect of which dividend has not been paid or claimed for seven consecutive years to the Investor Education and Protection Fund. However, the said transfer was required to be done within thirty days from September 3, 2022, pursuant to section 124 of the Companies Act, 2013.

SECRETARIAL AUDIT REPORT (contd.)

For the Financial Year Ended 31st March, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

We further report that -

Subject to the foregoing, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. There was no director on the Board who was liable to retire by rotation under section 152 (6) of the Act at the Annual General Meeting held on September 27, 2022.

Adequate notice was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions of the Board of Directors of the Company were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and

ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has undertaken following events/actions in order to simplify corporate structure and maximize value for shareholders of the Company:

- i. The Board of Directors of IDFC Limited and the Board of Directors of IDFC Financial Holding Company Limited ("IDFC FHCL") at their respective meetings held on April 06, 2022, had inter alia considered binding bids received in connection with divestment of IDFC Asset Management Company Limited ("IDFC AMC") along with IDFC AMC Trustee company Limited ("IDFC AMC Trustee") and had approved sale of the entire shareholding of IDFC AMC and IDFC AMC Trustee held by IDFC FHCL to a consortium comprising of Bandhan Financial Holding Limited, Lathe Investment Pte. Ltd. (affiliate of GIC), Tangerine Investments Limited and Infinity Partners (affiliates of ChrysCapital). The aforesaid transaction was completed on January 31, 2023. On sale of IDFC AMC and IDFC AMC Trustee, IDFC FHCL (wholly owned subsidiary of IDFC Limited) received sale consideration of INR 4,490.50 crore.
- ii. The Scheme of Amalgamation of IDFC Alternatives Limited, IDFC

Trustee Company Limited and IDFC Projects Limited (wholly owned subsidiary companies) into the Company under Section 233 of the Companies Act, 2013 was approved and sanctioned by the Hon'ble National Company Law Tribunal, Chennai Bench vide Order dated November 22, 2022 and Scheme of Amalgamation has become effective from December 09, 2022.

- iii. The Company had entered into "Deed of Donation" for donating the entire equity stake held by it in IDFC Foundation to Upajeevan Sangathan Foundation (both the companies registered under section 8 of the Act). The said transaction was completed on October 28, 2022.

**For Bhandari & Associates
Company Secretaries**

Firm Registration No: P1981MH043700

Manisha MaheshwariPartner
ACS No: 30224
C P No. : 11031
Mumbai | May 04, 2023
ICSI UDIN: A030224E000253128

This report is to be read with our letter of even date which is annexed as Annexure 'A' and forms an integral part of this report.

SECRETARIAL AUDIT REPORT (contd.)

For the Financial Year Ended 31st March, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

ANNEXURE A - TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

To,
The Members,
IDFC Limited
CIN: L65191TN1997PLC037415

Our Secretarial Audit Report for the Financial Year ended March 31, 2023 of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that

the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Bhandari & Associates
Company Secretaries**

Firm Registration No: P1981MH043700

Manisha Maheshwari

Partner

ACS No: 30224; CP. No: 11031

Mumbai | May 04, 2023

ICSI UDIN: A030224E000253128



CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”)

To,
The Members
IDFC Limited
4th Floor, Capitale Tower,
555 Anna Salai,
Thiru vi kudiyiruppu,
Teynampet, Chennai,
Tamil Nadu 600018.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **IDFC Limited** having **CIN: L65191TN1997PLC037415** and having registered office at 4th Floor, Capitale Tower, 555 Anna Salai, Thiru Vi Ka Kudiyiruppu, Teynampet, Chennai, Tamil Nadu - 600018 (hereinafter referred to as “the Company”), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C, Clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended **March 31, 2023** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

SR. NO.	NAME OF THE DIRECTOR	DIN	DATE OF APPOINTMENT
1	Mr. Anil Chandanmal Singhvi	00239589	May 25, 2021
2	Dr. Jaimini Bhagwati	07274047	May 25, 2021
3	Ms. Anita Belani	01532511	November 09, 2021
4	Mr. Ajay Sondhi	01657614	November 08, 2019
5	Mr. Mahendra Narandas Shah	00124629	August 24, 2022

Ensuring the eligibility of / for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Bhandari & Associates

Company Secretaries

Firm Registration No: P1981MH043700

Manisha Maheshwari

Partner
ACS No.: 30224
C P No. : 11031
Mumbai | May 04, 2023
ICSI UDIN: A030224E000253183



SECRETARIAL COMPLIANCE REPORT

For the financial year ended March 31, 2023

In terms of the Provisions of the SEBI Circular No. CIR/CFD/CHD1/27/2019 dated February 08, 2019 and Regulation 24A of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015

To,
The Board of Directors
IDFC Limited

We, Bhandari & Associates, Company Secretaries have examined:

- a) all the documents and records made available to us and explanation provided by **IDFC Limited** ("the Listed Entity"),
- b) the filings/ submissions made by the Listed Entity to the stock exchanges,
- c) website of the Listed Entity,
- d) any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended **March 31, 2023** ("review period") in respect of compliance with the provisions of:
 - a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
 - b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI")

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include: -

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"];
- b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018#;
- c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- d) Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018#;
- e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021#;
- g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- h) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and
- i) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021#;

and circulars/ guidelines issued thereunder including the provisions of SEBI Circular CIR/CFD/CMD1/114/2019 dated October 18, 2019, in terms of Para 6(A) and 6(B) of the said circular.

The Regulations or Guidelines, as the case may be were not applicable to the listed entity for the review period.

Based on the above examination, we hereby report that, during the review period:

- (a) The Listed Entity has complied with the provisions of the above regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

SECRETARIAL COMPLIANCE REPORT (contd.)

For the financial year ended March 31, 2023

SR. NO.	COMPLIANCE REQUIREMENT (REGULATIONS/ CIRCULARS / GUIDELINES INCLUDING SPECIFIC CLAUSE)	REGULATION/ CIRCULAR NO.	DEVIATIONS	ACTION TAKEN BY	TYPE OF ACTION	DETAILS OF VIOLATION	FINE AMOUNT	OBSERVATIONS/ REMARKS OF THE PRACTICING COMPANY SECRETARY	MANAGEMENT RESPONSE	REMARKS
1.	The board of directors of the top 1000 listed entities shall comprise of not less than six directors.	Regulation 17(1)(c) of Listing Regulations.	The Listed entity did not have requisite number of directors on its Board during the period from August 16, 2022 to August 23, 2022 and October 01, 2022 to March 31, 2023.	None	None	The composition of board of directors was not as per Regulation 17(1)(c) of Listing Regulations.	None	None	Due to completion of tenure of Mr. Sunil Kakar, the number of Directors on the Board of the Company reduced from 6 to 5. The focus of the Board and entire management team (KMPs) is to unlock value for the Company's shareholders. The company is in transition mode and the merger process with IDFC FIRST Bank will be initiated and completed within next 6-9 months. Given the practical situation that the Company is only NBFC-I and does not have any business, we are facing difficulty in appointing new director. In this regard, we have submitted our representation to BSE and NSE vide our letter dated February 13, 2023, February 27, 2023 and February 28, 2023 and email dated April 06, 2023 seeking waiver from the requirement of having 6 directors.	None
2.	The Risk Management Committee of the listed entity shall have minimum three members.	Regulation 21(2) of Listing Regulations.	The Risk Management Committee did not have requisite number of members during the period from August 16, 2022 to August 23, 2022	None	None	The composition of Risk Management Committee was not as per Regulation 21(2) of Listing Regulations.	None	None	The term of Ms. Ritu Anand ended on August 15, 2022. Subsequently, Ms. Ritu Anand ceased to be member of Risk Committee, resulting reduction in requisite number of members during the period from August 16, 2022 to August 23, 2022.	None
3.	The meetings of the Risk Management Committee of the listed entity shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.	Regulation 21(3C) of Listing Regulations.	The gap between two Risk Management Committee meetings held on May 6, 2022 and November 11, 2022 exceeded one hundred and eighty days.	None	None	The gap between two Risk Management Committee meetings was not as per Regulation 21 of Listing Regulations	None	None	The Board at its meeting held on August 24, 2022, reconstituted committee by inducting Ms. Anita Belani in place of Ms. Ritu Anand.	None
									Since IDFC is NBFC-I with minimal operation, there were no discussion pertaining to Risk. Therefore, Risk Committee meeting held on November 11, 2022.	None

SECRETARIAL COMPLIANCE REPORT (contd.)

For the financial year ended March 31, 2023

b) The listed entity has taken the following actions to comply with the observations made in previous reports:

SR. NO.	COMPLIANCE REQUIREMENT (REGULATIONS/ CIRCULARS / GUIDELINES INCLUDING SPECIFIC CLAUSE)	REGULATION/ CIRCULAR NO.	DEVIATIONS	ACTION TAKEN BY	TYPE OF ACTION	DETAILS OF VIOLATION	FINE AMOUNT	OBSERVATIONS/ REMARKS OF THE PRACTISING COMPANY SECRETARY	MANAGEMENT RESPONSE	REMARKS
1.	The board of directors of the top 1000 listed entities shall comprise of not less than six directors.	Regulation 17(1)(c) of Listing Regulations.	The listed entity did not have requisite number of directors on its Board during the period from March 26, 2021 to May 24, 2021 and September 23, 2021 to November 08, 2021.	None	None	The composition of board of directors was not as per Regulation 17(1)(c) of Listing Regulations.	None	None	The Board of Directors at its meeting held on 25 th May 2021 had appointed Dr. Jaimini Bhagwati (DIN:- 07274047) and Mr. Anil Singhvi (DIN:-00239589) as Additional Directors in the category of Independent Directors, subject to receipt of other regulatory approvals. Hence, the Company had complied with the requirements of Regulation 17(1)(c) of SEBI LODR Regulations, 2015 and the composition of the Board was in compliance as on March 31, 2022.	None

SECRETARIAL COMPLIANCE REPORT (contd.)

For the financial year ended March 31, 2023

c) Additional Information:

SR. NO.	PARTICULARS	COMPLIANCE STATUS (YES/NO/NA)	OBSERVATIONS/REMARKS BY PCS
1.	<u>Secretarial Standard</u> The compliances of the listed entity are in accordance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India, as notified by the Central Government under section 118(10) of the Companies Act, 2013 and mandatorily applicable.	Yes	-
2.	<u>Adoption and timely updation of the Policies:</u> <ul style="list-style-type: none"> All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities All the policies are in conformity with SEBI Regulations and has been reviewed & timely updated as per the regulations / circulars / guidelines issued by SEBI 	Yes	-
3.	<u>Maintenance and disclosures on Website:</u> <ul style="list-style-type: none"> The Listed entity is maintaining a functional website Timely dissemination of the documents / information under a separate section on the website Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which redirects to the relevant document(s)/ section of the website 	Yes	-
4.	<u>Disqualification of Director:</u> None of the Director of the Company are disqualified under Section 164 of Companies Act, 2013	Yes	-
5.	<u>To examine details related to Subsidiaries of listed entities:</u> (a) Identification of material subsidiary companies (b) Requirements with respect to disclosure of material as well as other subsidiaries.	Yes	-
6.	<u>Preservation of Documents:</u> The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under Listing Regulations.	Yes	-
7.	<u>Performance Evaluation:</u> The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year/during the financial year as prescribed in Listing Regulations.	Yes	-
8.	<u>Related Party Transactions:</u> (a) The listed entity has obtained prior approval of Audit Committee for all Related party transactions; (b) The listed entity has provided detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit Committee, in case no prior approval has been obtained.	Yes	-
9.	<u>Disclosure of events or information:</u> The listed entity has provided all the required disclosure(s) under Regulation 30 alongwith Schedule III of Listing Regulations within the time limits prescribed thereunder.	Yes	-
10.	<u>Prohibition of Insider Trading:</u> The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015	Yes	Listed entity has implemented system based Structured Digital Database software w.e.f March 09, 2023.
11.	<u>Actions taken by SEBI or Stock Exchange(s), if any:</u> No Actions taken against the listed entity/ its promoters/ directors / subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder	Yes	-
12.	<u>Additional Non-compliances, if any:</u> No any additional non-compliance observed for all SEBI regulation/circular/ guidance note etc.	Yes	-

SECRETARIAL COMPLIANCE REPORT (contd.)

For the financial year ended March 31, 2023

Assumption and Limitation of Scope and Review:

1. Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the listed entity.
2. Our responsibility is to certify based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
3. We have not verified the correctness and appropriateness of Financial Records and Books of Accounts of the listed entity.
4. This Report is solely for the intended purpose of compliance in terms of Regulation 24A (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

For Bhandari & Associates

Company Secretaries

Firm Registration No: P1981MH043700

Manisha Maheshwari

Partner

ACS No.: 30224; CP No.: 11031

Mumbai | May 04, 2023

UDIN: A030224E000253194

1. Brief outline on CSR Policy of the Company.

The CSR policy is to ensure that CSR activities are not performed in silos and that it be skillfully and inextricably woven into the fabric of the Company's business strategy for overall value creation for all stakeholders. IDFC Limited ("IDFC") believes that profitability must be complemented by a sense of responsibility towards all stakeholders with a view to make a material, visible and lasting difference to the lives of disadvantaged sections of the people, preferably in the immediate vicinity in which the Company operates but at the same time ensure widespread spatial distribution of its CSR activities Pan-India befitting its status as a conscientious corporate citizen.

Section 135 of Companies Act, 2013 ("the Act") read with Companies (Corporate Social Responsibility Policy) Rules 2014 requires IDFC to mandatorily spend on CSR activities.

During the year, IDFC carried out CSR activities through 3 NGO's incorporated under the Section 8 of the Act, 2013 (erstwhile Section 25 of the Companies Act, 1956). Details of these NGO's are given below:

- i. Social Action for Manpower Creation (SAMPARC)
- ii. YosAid
- iii. Tezpur Mahila Samity

The object of the CSR activities would seek to -

- (a) serve the poor, Marginalized and underprivileged
- (b) be sustainable
- (c) meet needs of the larger community and society
- (d) promoting healthcare including preventive healthcare
- (e) promoting education
- (f) disaster relief

The above mentioned 3 NGOs represent public charitable organization registered with appropriate authorities, there is no economic interest flowing to any Board member / trustee and undertook the following CSR activities which fall within the ambit of the activities listed in Schedule VII of the Act.

2. Composition of CSR Committee:

SR. NO.	NAME OF DIRECTOR *	DESIGNATION / NATURE OF DIRECTORSHIP	NUMBER OF MEETINGS OF CSR COMMITTEE HELD DURING THE YEAR	NUMBER OF MEETINGS OF CSR COMMITTEE ATTENDED DURING THE YEAR
1.	Dr. Jaimini Bhagwati	Chairman	1	1
2.	Mr. Ajay Sondhi	Member	1	1
3.	Mr. Anil Singhvi	Member	1	1

*The Corporate Social Responsibility (CSR) Committee was re-constituted on October 17, 2022. As on date, the CSR Committee consists of three Directors namely, Dr. Jaimini Bhagwati as the Chairman, Mr. Ajay Sondhi and Mr. Anil Singhvi as its Members.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. www.idfclimited.com
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).
Not applicable as the Company's average CSR obligation has not more than Rs. 10 crore in the three immediately preceding financial year as per Section 135 (5) of the Act.
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

SR. NO.	FINANCIAL YEAR	AMOUNT AVAILABLE FOR SET-OFF FROM PRECEDING FINANCIAL YEARS (IN RS. CR.)	AMOUNT REQUIRED TO BE SETOFF FOR THE FINANCIAL YEAR, IF ANY (IN RS. CR.)
1	NA	NA	NA
TOTAL			

6. Average net profit of the company as per section 135(5): - Rs. 9.01 Crore

CORPORATE SOCIAL RESPONSIBILITY (CSR) (CONTD.)

7. (a) Two percent of average net profit of the company as per section 135(5): - Rs. 0.18 Crore
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: - Nil
 (c) Amount required to be set off for the financial year, if any: Nil
 (d) Total CSR obligation for the financial year (7a+7b-7c) - Rs. 0.18 Crore
8. (a) CSR amount spent or unspent for the financial year:

TOTAL AMOUNT SPENT FOR THE FINANCIAL YEAR. (IN ₹ CR.)	AMOUNT UNSPENT (IN ₹ CR.)				
	TOTAL AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT AS PER SECTION 135(6).		AMOUNT TRANSFERRED TO ANY FUND SPECIFIED UNDER SCHEDULE VII AS PER SECOND PROVISIO TO SECTION 135(5).		
	AMOUNT	DATE OF TRANSFER	NAME OF THE FUND	AMOUNT	DATE OF TRANSFER
0.18	Nil	Nil	Nil	Nil	Nil

- (b) Details of CSR amount spent against **ongoing projects** for the financial year:

(1) SR. NO.	(2) NAME OF THE PROJECT	(3) ITEM FROM THE LIST OF ACTIVITIES IN SCHEDULE VII TO THE ACT.	(4) LOCAL AREA (YES/ NO).	(5) LOCATION OF THE PROJECT		(6) PROJECT DURATION	(7) AMOUNT ALLOCATED FOR THE PROJECT (IN ₹ CR.)	(8) AMOUNT SPENT IN THE CURRENT FINANCIAL YEAR (IN ₹ CR)	(9) AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT FOR THE PROJECT AS PER SECTION 135(6) (IN ₹ CR).	(10) MODE OF IMPLEMENTATION - DIRECT (YES/NO).	(11) MODE OF IMPLEMENTATION - THROUGH IMPLEMENTING AGENCY	
				STATE	DISTRICT						NAME	CSR REGISTRATION NUMBER
1.	Overall Care, education, Maintenance of orphan children at SAMPARC Bal Asha Ghar Center	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	Yes	Maha-rashtra	Pune	1 Year	0.10	0.10	Nil	Yes	SAMPARC	CSR00003752

2.	Health Care Initiatives	Promoting health care including preventive health	Yes	Karnataka	Bangalore	1 Year	0.01	0.01	Nil	Yes	YosAid	CSR00000713
	Health Care Initiatives	Whats app & IVRS	No	Andhra Pradesh & Telangana	Vishakhapatnam, Vizianagaram, Kadapa, Hyderabad, Kurnool	3 Months	0.04	0.04	Nil	Yes	YosAid	CSR00000713
3.	Financial Support for the Activities of Tezpur Mahila Samity	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Assam	Sonitpur	1 Year	0.03	0.03	Nil	Yes	Tezpur Mahila Samity	CSR00052957
TOTAL							0.18	0.18				

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1) SR. NO.	(2) NAME OF THE PROJECT	(3) ITEM FROM THE LIST OF ACTIVITIES IN SCHEDULE VII TO THE ACT.	(4) LOCAL AREA (YES/ NO).	(5) LOCATION OF THE PROJECT.		(6) AMOUNT SPENT FOR THE PROJECT (IN ₹ CR.)	(7) MODE OF IMPLEMENTATION - DIRECT (YES/NO).	(8) MODE OF IMPLEMENTATION - THROUGH IMPLEMENTING AGENCY	
				STATE.	DISTRICT.			NAME	CSR REGISTRATION NUMBER
1.	NA	NA	NA	NA	NA	NA	NA	NA	NA
TOTAL									

(d) Amount spent in Administrative Overheads: - Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 0.18 Crore

(g) Excess amount for set off, if any: Nil

SR. NO.	PARTICULAR	AMOUNT (IN RS. CR)
(i)	Two percent of average net profit of the company as per section 135(5)	0.18
(ii)	Total amount spent for the Financial Year	0.18
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) Details of Unspent CSR amount for the preceding the financial years:

SR. NO.	PRECEDING FINANCIAL YEAR	AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT UNDER SECTION 135 (6) (IN RS. CR.)	AMOUNT SPENT IN THE REPORTING FINANCIAL YEAR (IN RS. CR.)	AMOUNT TRANSFERRED TO ANY FUND SPECIFIED UNDER SCHEDULE VII AS PER SECTION 135(6), IF ANY.			AMOUNT REMAINING TO BE SPENT IN SUCCEEDING FINANCIAL YEARS. (IN RS. CR.)
				NAME OF THE FUND	AMOUNT (IN RS. CR.)	DATE OF TRANSFER	
1.	NA	NA	NA	NA	NA	NA	NA
TOTAL							

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

(1) SR. NO.	(2) PROJECT ID.	(3) NAME OF THE PROJECT	(4) FINANCIAL YEAR IN WHICH THE PROJECT WAS COMMENCED	(5) PROJECT DURATION	(6) TOTAL AMOUNT ALLOCATED FOR THE PROJECT (IN ₹ CR.).	(7) AMOUNT SPENT ON THE PROJECT IN THE REPORTING FINANCIAL YEAR (IN ₹ CR.)	(8) CUMULATIVE AMOUNT SPENT AT THE END OF REPORTING FINANCIAL YEAR. (IN ₹ CR.)	(9) STATUS OF THE PROJECT - COMPLETED / ONGOING
1.	NA	NA	NA	NA	NA	NA	NA	Ongoing
TOTAL								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (**asset-wise details**).

- Date of creation or acquisition of the capital asset(s): NA
- Amount of CSR spent for creation or acquisition of capital asset.: NA
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: NA
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

Mr. Anil Singhvi
Director
Mumbai: May 04, 2023

Dr. Jaimini Bhagwati
Chairman of CSR Committee
New Delhi: May 04, 2023