

October 15, 2015

The Manager – Listing Department
National Stock Exchange of India Limited
Bandra Kurla Complex, 5th Floor
Bandra (E)
Mumbai - 400051

The Manager – Listing Department
BSE Limited
2nd Floor, P.J. Towers,
Dalal Street
Mumbai - 400 001

Dear Sirs,

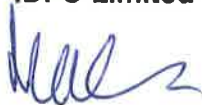
Quarterly Compliance Report on Corporate Governance

This is with reference to the SEBI circular CIR/CFD/POLICY CELL/2/2014 dated April 7, 2014 (as amended from time to time) regarding Corporate Governance in listed entities under Clause 49 of the Listing Agreement. We are enclosing herewith the Quarterly Compliance Report on Corporate Governance for the quarter ended September 30, 2015 as per prescribed revised format.

Kindly acknowledge receipt. If you need any further details please let us know.

Thanking you,

Yours faithfully,
For IDFC Limited



Mahendra N. Shah
Company Secretary



Quarterly Compliance Report on Corporate Governance

Name of the Company: IDFC Limited (“the Company” or “IDFC”)

Compliance Status as September 30, 2015

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks																											
II. Board of Directors	49 (II)																													
(A) Composition of Board	49 (IIA)	Yes	<p>Composition of IDFC’s Board complies with this Clause.</p> <p><u>Presently, the Board of Directors of the Company comprises of the following –</u></p> <table border="1"> <thead> <tr> <th>Sr .No</th> <th>Name of the Director</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Mr. Vinod Rai*</td> <td>Independent Director</td> </tr> <tr> <td>2</td> <td>Ms. Snehlata Shrivastava</td> <td>Nominee Director</td> </tr> <tr> <td>3</td> <td>Mr. Joseph Dominic Silva</td> <td>Nominee Director</td> </tr> <tr> <td>4</td> <td>Mr. S. S. Kohli</td> <td>Independent Director</td> </tr> <tr> <td>5</td> <td>Mr. Donald Peck</td> <td>Independent Director</td> </tr> <tr> <td>6</td> <td>Mr. Gautam Kaji**</td> <td>Independent Director</td> </tr> <tr> <td>7</td> <td>Ms. Marianne Økland</td> <td>Independent Director</td> </tr> <tr> <td>8</td> <td>Mr. Vikram Limaye</td> <td>Managing Director & CEO</td> </tr> </tbody> </table> <p>* Appointed w.e.f. June 30, 2015 ** Mr. Gautam Kaji was appointed as an Independent Director (ID) of the Company w.e.f. October 1, 2015 Notes: 1. Dr Rajiv Lall resigned as Executive Chairman of the Company w.e.f. September 30, 2015. 2. Mr. S. H. Khan, Dr. Omkar Goswami and Mr. Gautam Kaji resigned from the Company as IDs w.e.f. Aug 10, 2015, Aug 6, 2015 and Aug 5, 2015, respectively.</p> <p>The Board of the Company has an optimum combination of executive and non-executive director. For the quarter ended September 30, 2015, the Chairman of the Company was an Executive Director. Accordingly, at least one-half of the Board comprised of Independent Directors. IDFC has two women directors on the Board.</p>	Sr .No	Name of the Director	Designation	1	Mr. Vinod Rai*	Independent Director	2	Ms. Snehlata Shrivastava	Nominee Director	3	Mr. Joseph Dominic Silva	Nominee Director	4	Mr. S. S. Kohli	Independent Director	5	Mr. Donald Peck	Independent Director	6	Mr. Gautam Kaji**	Independent Director	7	Ms. Marianne Økland	Independent Director	8	Mr. Vikram Limaye	Managing Director & CEO
Sr .No	Name of the Director	Designation																												
1	Mr. Vinod Rai*	Independent Director																												
2	Ms. Snehlata Shrivastava	Nominee Director																												
3	Mr. Joseph Dominic Silva	Nominee Director																												
4	Mr. S. S. Kohli	Independent Director																												
5	Mr. Donald Peck	Independent Director																												
6	Mr. Gautam Kaji**	Independent Director																												
7	Ms. Marianne Økland	Independent Director																												
8	Mr. Vikram Limaye	Managing Director & CEO																												

<p>(B) Independent Directors</p>	<p>49 (IIB)</p>	<p>Yes</p>	<p>IDFC is in compliance with the provisions of Clause 49 (IIB).</p> <p>A declaration of Independence along with the affirmance to the Code of Independent Directors as prescribed under Schedule IV of the Companies Act, 2013 has been obtained from the IDs. The IDs on the Board of the Company comply with the requirements listed under this clause.</p> <p>Currently, none of the IDs is serving on the Board of more than seven listed companies and in case he is serving as a Wholtime Director, not more than 3 companies. The maximum tenure of IDs is in accordance with the Companies Act 2013 and clarifications issued by MCA from time to time. A formal letter of appointment to the IDs has been issued and the terms and conditions of appointment of IDs is disclosed on the website of the Company alongwith their respective profiles.</p> <p>The performance evaluations for the Directors and the Board is proposed to be done through circulation of two questionnaires, one for the Directors and the other for the Board which would assess the performance of the Board on select parameters related to roles, responsibilities and obligations of the Board and functioning of the Committees including assessing the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.</p> <p>The Company's IDs met once without the presence of Executive Directors and management personnel. This meeting was conducted informally to enable IDs to discuss matters pertaining to the Company's affairs.</p> <p>The Board members are provided with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company/group subsidiaries, global business environment, business strategy and risks involved. Detailed presentations on the Company's business segments were made at the meetings of the Directors held during the year.</p>
----------------------------------	-----------------	------------	---

(C) Non-executive Directors' compensation & disclosures	49 (IIC)	Yes	The Non-Executive Directors (NEDs) are paid sitting fees for attending the Board/Committee Meetings within the limits prescribed under Companies Act, 2013 and Rules made there under. In addition to this, the NEDs are paid Commission within the parameters and upto the limits prescribed in the Statute and as approved by the Board / Shareholders. The compensation paid to NEDs by way of sitting fees and Commission is approved by the shareholders of the Company and the same is duly disclosed in the Corporate Governance Report of the Company. Further no Stock Options have been granted to any ID.
(D) Other provisions as to Board and Committees	49 (IID)	Yes	<p>IDFC is in compliance with the provisions of Clause 49 (IID).</p> <p>The Board meets at least 4 times, with a maximum time gap of 120 days between two meetings. None of the Directors of the Company violates the provisions of this clause pertaining to the membership of Committees.</p> <p>The Board of the Company is in the process of putting in place a plan for orderly succession for appointments of the members of the Board and Senior Management.</p>
(E) Code of Conduct	49 (IIE)	Yes	IDFC has in place Code of Conduct for Directors & Senior Management Personnel (SMPs). A declaration to the effect that the Directors and SMPs comply with the said Code of Conduct is included in IDFC's Annual Report every year. This Code of Conduct is posted on the website of the Company.
(F) Whistle Blower Policy	49 (IIF)	Yes	<p>IDFC is in compliance with the provisions of Clause 49 (IIF).</p> <p>The Board of Directors of the Company at its meeting held on June 3, 2014 approved the Vigil Mechanism and amended the existing Whistle Blower Policy of the Company to bring it in line with the provisions of the Companies Act, 2013 and SEBI Corporate Governance Circular dated April 17, 2014 as amended from time to time. The details of the establishment of the mechanism are disclosed on the website of the Company www.idfc.com and will be disclosed in the Board's Report.</p>
III. Audit Committee	49 (III)		

(A) Qualified & Independent Audit Committee	49 (IIIA)	Yes	IDFC has an independent Audit Committee comprising of four members, three of whom are Independent Directors and one Nominee Director. Ms. Marianne Økland, an Independent Director, acts as the Chairman of the Committee. All the members are financially literate and at least one member has accounting or financial management expertise. The CFO and the representatives of the Statutory Auditors and Internal Auditors are permanent invitees to the Audit Committee Meetings. The Company Secretary of the, Company acts as the Secretary to the Audit Committee. IDFC's Audit Committee meets at least 4 times in a year and not more than 4 months have elapsed between two meetings. The quorum of the meeting is 3 members.
(B) Meeting of Audit Committee	49 (IIIB)	Yes	
(C) Powers of Audit Committee	49 (IIIC)	Yes	
(D) Role of Audit Committee	49 (IIID)	Yes	
(E) Review of Information by Audit Committee	49 (IIIE)	Yes	
IV. Nomination and Remuneration Committee	49 (IV)	Yes	<p>The Board of Directors of the Company at its meeting held on June 3, 2014 approved combining of the existing Nomination Committee & Compensation Committee so as to re-constitute a new Nomination and Remuneration Committee (NRC), in line with the provisions of the Companies Act, 2013 and SEBI Corporate Governance Circular dated April 17, 2014 as amended from time to time.</p> <p><u>NRC comprises of the following Directors -</u></p> <ol style="list-style-type: none"> 1. Mr. Donald Peck – ID- Chairman 2. Mr. S.S. Kohli- ID 3. Mr. Gautam Kaji - ID 4. Mr. Vikram Limaye- MD & CEO
V. Subsidiary Companies	49 (V)	Yes	<p><u>IDFC has the following Subsidiary Companies (Direct & Indirect):</u></p> <ol style="list-style-type: none"> 1. IDFC Alternatives Limited 2. IDFC Trustee Company Limited 3. IDFC Securities Limited 4. IDFC Capital (Singapore) Pte Limited 5. IDFC Securities Singapore Pte Limited 6. IDFC Capital (USA) Inc 7. IDFC Asset Management Company Limited 8. IDFC AMC Trustee Company Limited 9. IDFC Investment Managers (Mauritius) Limited 10. IDFC Projects Limited 11. IDFC Finance Limited 12. IDFC Foundation 13. IDFC Infra Debt Fund Limited 14. IDFC Bank Limited 15. IDFC Financial Holding Company Limited
			IDFC does not have any material non-listed Indian

			<p>subsidiary company.</p> <p>The Audit Committee of IDFC reviews the financial statements of the unlisted subsidiary companies.</p> <p>The minutes and a statement of all significant transactions and arrangements entered into by subsidiary companies are placed before the Board of IDFC.</p>
VI. Risk Management	49 (VI)	Yes	IDFC has in place mechanisms to inform the Board about its risk assessment and minimization procedures. This is done through Board-level Risk Committee which monitors and reviews risk management plan of the Company on a regular basis.
VII. Related Party Transactions	49 (VII)	Yes	Based on the recommendation of the Audit Committee, the Board of Directors at its meeting held on January 29, 2015, adopted the Policy on Related Party Transactions in compliance of the provisions of the Companies Act, 2013 and Listing Agreement. The same is posted on the website of the Company.
VIII. Disclosures	49 (VIII)	Yes	
(A) Related party transactions	49 (VIII A)	Yes	IDFC complies with the provisions of Clause 49 (VIII A). The policy on dealing with the related party transactions has been disclosed on the website and the same shall be disclosed in the Annual Report. A statement containing material transactions entered into by the Company is marked as Annexure A to this report.
(B) Disclosure of Accounting Treatment	49 (VIII B)	Yes	IDFC would comply with Clause 49 (VIII B) as and when it is applicable. Appropriate disclosures has been made in the Corporate Governance report of the Company.
(C) Remuneration of Directors	49 (VIII C)	Yes	The details of remuneration of Directors are disclosed in the Annual Report as per the extant provisions of the Companies Act and Listing Agreement. IDFC is in compliance with the provisions of the proposed Clause 49 (VIII C) and will make the requisite disclosures in the Annual Report.
(D) Management	49 (VIII D)	Yes	Detailed chapter on Management Discussion and Analysis forms part of IDFC Annual Report every year. IDFC has obtained necessary disclosures from its senior management, as and when required. Code of Conduct for the Board of Directors and senior management is disclosed on the website of the Co.

(E) Shareholders	49 (VIII E)	Yes	<p>IDFC is in compliance with the requirement contained under this head.</p> <p>The Board of Directors of the Company at its meeting held on April 25, 2014 renamed the existing Investor Grievance Committee to Stakeholders' Relationship Committee of the Company in accordance with the provisions of Clause 49 (VIII E).</p> <p>The Share Allotment/Transfer Committee of the Company attends to the share transfer formalities on fortnightly basis.</p>
(F) Proceeds from public issues, rights issue, preferential issues, etc	49 (VIII F)	Yes	IDFC will be in compliance with the provisions of Clause 49 (VIII F) as and when the monies are raised through any issue.
IX. CEO/CFO Certification	49 (IX)	Yes	CEO & CFO certification forms part of the Corporate Governance Report of IDFC Annual Report every year.
X. Report on Corporate Governance	49 (X)	Yes	The Annual Report of the Company contains a chapter on Corporate Governance and all requisite disclosures are made.
XI. Compliance	49 (XI)	Yes	IDFC is in compliance with the provisions of Clause 49 (XI).

For IDFC Limited



Mahendra N Shah
Company Secretary & Compliance Officer



Annexure A

Name of the related party	Particulars	Amount (in crore)
IDFC Financial Holding Company Limited*	Investment in Share Capital	₹ 87,850,000,000

*The said transaction is in the nature of ordinary course of business and at arm's length basis. RBI vide its letter dated July 23, 2015 granted the banking license to commence a bank in the private sector. Accordingly, IDFC Bank Limited was incorporated by IDFC Limited. As per RBI guidelines, IDFC Limited, the promoter company, needs to hold at least 40% of the paid up equity shares of the banking company through a Non Operative Financial Holding Company. Accordingly, IDFC Limited capitalized IDFC Financial Holding Company Limited which holds 53% equity share capital in IDFC Bank Limited.

