



IDFC BANK

## IDFC BANK LIMITED

**Corporate Identity Number:** U65110TN2014PLC097792

**Email:** bank.info@idfcbank.com **Website:** www.idfcbank.com

**Regd. Office:** KRM Tower, 8<sup>th</sup> Floor, No. 1 Harrington Road, Chetpet, Chennai - 600 031, Tamil Nadu, India.

**Tel:** + 91 44 4564 4000 **Fax:** +91 44 4564 4022

**Corp. Office:** Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra, India.

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## NOTICE

**NOTICE** is hereby given that the 2<sup>nd</sup> Annual General Meeting ('AGM') of the Members of **IDFC BANK LIMITED** ('IDFC Bank' or the 'Bank') will be held on **Wednesday, July 27, 2016** at **10.00 a.m.** at the Music Academy, T.T.K Auditorium (Main Hall), Near Acropolis Building, New No. 168 (Old No. 306), T.T.K. Road, Royapettah, Chennai - 600 014, Tamil Nadu, India, to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt the audited financial statements of the Bank for the financial year ended March 31, 2016, together with the reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares of the Bank.
3. To appoint a director in place of Mr. Vinod Rai (DIN - 01119922), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Bank and to fix their remuneration and in this regard, to consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, the applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the rules, circulars and guidelines issued by the Reserve Bank of India ('RBI'), from time to time and subject to the approval of the RBI and such other regulatory authorities, as may be applicable, Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No. 117365W), be and are hereby appointed as the Statutory Auditors of the Bank for a period of One (1) year, to hold office from the conclusion of Second Annual General Meeting ('AGM') until the conclusion of the Third AGM of the Bank, at a remuneration to be determined by the Board of Directors

of the Bank, based on the recommendation of the Audit Committee of the Bank, in addition to reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Bank for the financial year ending March 31, 2017."

### SPECIAL BUSINESS

5. **Appointment of Mr. Rajan Anandan as an Independent Director**

To consider, and if thought fit, to pass, the following as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 10-A and other applicable provisions, if any, of the Banking Regulation Act, 1949, Sections 149, 150, 152, 160, 161 and other applicable provisions of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, and Schedule IV to the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the rules, circulars and guidelines issued by the Reserve Bank of India ('RBI') and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Rajan Anandan (DIN-02395272), who was appointed as an Additional Director of the Bank with effect from December 01, 2015 and who holds office upto the date of this Annual General Meeting and in respect of whom the Bank has received a notice in writing from a Member along with the deposit of the requisite amount under Section 160 of the Companies Act, 2013, proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Bank to hold office for a period of Three (3) consecutive years from the said date up to November 30, 2018 and who shall not be liable to retire by rotation.

**RESOLVED FURTHER THAT** Mr. Rajan Anandan be paid such fees, profit related commission and remuneration as

# NOTICE (continued)

the Board and Members may approve from time to time and within the limits as prescribed under the Companies Act, 2013, the Banking Regulation Act, 1949 and within the directions issued by the RBI, from time to time.

**RESOLVED FURTHER THAT** the Board of Directors of the Bank and Mr. Mahendra N. Shah, Company Secretary & Chief Compliance Officer, be and are hereby severally authorized to file the requisite forms with the statutory / regulatory authority(ies) and to do all such acts, deeds and things as may be necessary to give effect to the above resolution."

## 6. Offer and Issue of Debt Securities on Private Placement basis

To consider and if thought fit, to pass, the following as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 42 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Banking Regulation Act, 1949, the Reserve Bank of India Act, 1934, Foreign Exchange Management Act, 1999 (including any statutory amendment(s) or modification(s) or re-enactments thereof for the time being in force), the rules, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and all other relevant provisions of applicable law(s) and pursuant to the Articles of Association of the Bank and subject to receipt of such approval(s), consent(s), permission(s) and sanction(s) as may be necessary from the concerned statutory or regulatory authority(ies), the consent of the Members of the Bank be and is hereby accorded to the Board of Directors of the Bank (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee thereof) for borrowing / raising funds, from time to time, in Indian currency / Foreign currency, by issue of debt securities including but not limited to Non-Convertible Debentures and Bonds (including bonds forming part of Tier I / Tier II capital in accordance with and subject to the terms and conditions specified in the Basel III Capital Regulations prescribed by RBI, long-term infrastructure bonds or such other securities as may be permitted by RBI from time to time), on private placement basis, upto an amount not exceeding ₹ 15,000 crore (Rupees Fifteen Thousand Crores only), outstanding at any point of time, in one or more tranches and / or series, in domestic and / or overseas market, as per the agreed structure and within the limits permitted by RBI and other regulatory authorities, to eligible investors, during a period of One (1) year from the date of passing of this resolution, within the overall borrowing limits of ₹ 1,50,000 crore (Rupees One Lakh Fifty Thousand Crores only) as approved by the Members of

of the Bank at the 1<sup>st</sup> Annual General Meeting held on September 29, 2015 and on such terms and conditions as may be approved by the Board, from time to time.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to sign all such forms and returns and other documents and to do all such acts, deeds and things as may be necessary to give effect to the above resolution."

## 7. Reduction in ESOP pool from 7% to 6% of the paid up share capital of the Bank and Ratification of IDFC Bank Limited Employee Stock Option Scheme 2015 ('IDFC BANK ESOS - 2015' or the 'Scheme')

To consider and if thought fit, to pass, the following as a **Special Resolution**:

**"RESOLVED THAT** in supersession of the resolution passed by the Members of the Bank at its 1<sup>st</sup> Annual General Meeting ('AGM') held on September 29, 2015 and pursuant to the provisions of Section 62(1)(b) and other applicable provisions of the Companies Act, 2013, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('SEBI Regulations'), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (including any statutory modification or re-enactment thereof for the time being in force) and the Articles of Association of the Bank and in accordance with the provisions of any other applicable laws or regulations including rules, circulars and guidelines issued by the Reserve Bank of India and subject to such other approval(s), permission(s) and sanction(s) as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority(ies) while granting such approval(s), permission(s) and sanction(s), the consent of the Members of the Bank be and is hereby accorded to ratify IDFC Bank Limited Employee Stock Option Scheme 2015 ('IDFC Bank ESOS - 2015') and grants made to Eligible Employees and Directors under IDFC Bank ESOS - 2015 from the inception of the Scheme till the date of the 2<sup>nd</sup> AGM of the Bank.

**RESOLVED FURTHER THAT** the consent of the Members of the Bank be and is hereby granted to reduce the existing pool of Employee Stock Options ('ESOPs') that can be granted to the Eligible Employees / Directors of the Bank and / or its subsidiary companies under IDFC Bank ESOS - 2015 from current 7% to 6% of the issued and paid up share capital of the Bank, from time to time.

**RESOLVED FURTHER THAT** the Board of Directors of the Bank (hereinafter referred to as 'the Board', which term shall be deemed to include any Director / official in single capacity and / or any Committee of Directors as may be authorized by the Board in this regard) be and is hereby authorised to create, issue, offer and allot, directly or indirectly, to the Eligible Employees and Directors of the Bank, in India / outside India, excluding the Independent

# NOTICE (continued)

Directors, at any time, equity shares arising out of exercise of ESOPs granted, at such price, in such manner, during such period, in one or more tranches and on such terms and conditions as the Board may decide prior to the issue thereof, which upon exercise could give rise to the issue of a number of equity shares not exceeding in aggregate 6% of the issued & paid up share capital of the Bank, from time to time, under IDFC Bank ESOS - 2015, or any modifications thereof.

**RESOLVED FURTHER THAT** the equity shares allotted pursuant to the aforesaid resolution shall rank *pari-passu* with the then existing equity shares of the Bank for all purposes.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, regarding creation, offer, issue, allotment and listing of such shares, the Board be and is hereby authorized to make any modifications, changes, variation, alteration or revisions in IDFC Bank ESOS - 2015 or to suspend, withdraw or revive the same from time to time in accordance with applicable laws and / or as may be specified by any appropriate authority and to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary, desirable, usual or proper in relation thereto with the liberty to the Board on behalf of the Bank to settle any question, difficulties or doubts whatsoever may arise with regard to such creation, offer, issue, allotment and listing of shares without requiring the Board to secure any further consent or approval of the Members of the Bank.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all necessary steps for listing of the shares allotted under IDFC Bank ESOS - 2015 on the Stock Exchanges as per the provisions of Listing Regulations, SEBI Regulations and other applicable laws and regulations.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors, or any Director(s) or any Officer(s) of the Bank.”

8. **Ratification of IDFC Bank Limited Employee Stock Option Scheme 2015 ('IDFC Bank ESOS - 2015' or the 'Scheme') and grant of Options to the Eligible Employees / Directors of the Subsidiary Company(ies) of the Bank under the Scheme**

To consider and, if thought fit, to pass the following Resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and other applicable provisions of the Companies Act, 2013, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('SEBI Regulations') and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015 ('Listing Regulations') (including any statutory modification or re-enactment thereof for the time being in force) and the Articles of Association of the Bank and in accordance with the provisions of any other applicable laws or regulations including rules, circulars and guidelines issued by the Reserve Bank of India and subject to such other approval(s), permission(s) and sanction(s) as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority(ies) while granting such approval(s), permission(s) and sanction(s), the consent of the Members of the Bank be and is hereby accorded to ratify IDFC Bank Limited Employee Stock Option Scheme 2015 ('IDFC Bank ESOS - 2015') and the Board of Directors of the Bank (hereinafter referred to as 'the Board', which term shall be deemed to include any Director / official in single capacity and / or any Committee of Directors as may be authorized by the Board in this regard) be and are hereby authorised to create, offer, issue and allot, directly or indirectly, equity shares under IDFC Bank ESOS - 2015, from time to time, to the Eligible Employees of the Subsidiary(ies) Companies (Present & Future), whether working in India or out of India, and to Directors of the Subsidiaries (Present & Future), excluding the Independent Directors and to such other persons as may from time to time be allowed to be eligible for the benefits of the stock options under applicable laws and regulations prevailing from time to time (all such persons are hereinafter referred to as 'Eligible Employees') on the terms and conditions as detailed in the Explanatory Statement annexed hereto or on such other terms and conditions and at such price and in such number of tranches as may be decided by the Board in its absolute discretion.

**RESOLVED FURTHER THAT** the maximum number of stock options granted to Eligible Employees of both, the Employees of the Bank and its Subsidiaries under IDFC Bank ESOS - 2015 shall not cumulatively exceed 6% of the issued & paid up share capital of the Bank from time to time.

**RESOLVED FURTHER THAT** the equity shares to be issued as stated aforesaid shall rank *pari passu* with all the existing equity shares of the Bank for all purposes.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, regarding creation, offer, issue, allotment and listing of such shares, the Board be and is hereby authorized to make any modifications, changes, variation, alteration or revisions in IDFC Bank ESOS - 2015 or to suspend, withdraw or revive the same from time to time in accordance with applicable laws and / or as may be specified by any appropriate authority and to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary, desirable, usual or proper in relation there to with the liberty to the Board on behalf of the Bank to settle any question, difficulties or

# NOTICE (continued)

doubts whatsoever may arise with regard to such creation, offer, issue, allotment and listing of shares without requiring the Board to secure any further consent or approval of the Members of the Bank.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take necessary steps for listing of the shares allotted under IDFC Bank ESOS - 2015 on the Stock Exchanges as per the provisions of Listing Regulations, SEBI Regulations and other applicable laws and regulations.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors, or any Director(s) or any Officer(s) of the Bank.”

## 9. **Payment of Commission to Non-Executive Directors**

To consider and if thought fit, to pass, the following as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable rules, if any, applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Guidelines on Compensation of Non-Executive Directors of Private Sector Banks dated June 01, 2015 issued by the Reserve Bank of India (the ‘RBI’), applicable rules, circulars and other guidelines issued by the RBI, from time to time, the consent of the Members of the Bank be and is hereby accorded to the payment of remuneration by way of commission to the Non-Executive Directors of the Bank (i.e. Directors other than Managing Director and Whole-time Directors), not exceeding in aggregate, 1% of the net profits of the Bank as computed in the manner laid down in Section 198 of the Companies Act, 2013 or maximum of ₹ 10 Lakhs to each of such Directors, whichever is lower; in such manner and in such respects as may be decided by the Board of Directors from time to time and such payments shall be made with respect to the profits of the Bank for each year commencing from April 01, 2015.

**RESOLVED FURTHER THAT** the Board of Directors of the Bank (hereinafter referred to as the ‘Board’, which term shall include the Nomination & Remuneration Committee (‘NRC’) and / or any other Committee constituted by the Board for this purpose), be and are hereby authorized to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all approvals as may be required to give effect to this resolution and to settle any questions, difficulties or doubts that may arise in this regard.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any Director(s) or any Officer(s) of the Bank.”

## 10. **Approval of remuneration payable to Dr. Rajiv B. Lall, Founder Managing Director & CEO of the Bank**

To consider and if thought fit, to pass, the following as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable rules, if any, Schedule V of the Companies Act, 2013, provisions of Section 35B and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), Articles of Association of the Bank, the rules, guidelines and circulars issued by the Reserve Bank of India (‘RBI’), in this regard, from time to time and pursuant to the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 and subject to the approval of the RBI and such other approvals as may be required, the approval of the Members of the Bank be and is hereby accorded to the revision in the remuneration payable to Dr. Rajiv B. Lall (DIN - 00131782), as the Founder Managing Director & CEO of the Bank, with effect from April 01, 2016, detailed as under:

- i. Term: From October 01, 2015 upto September 30, 2018 as the Founder Managing Director & CEO of the Bank.
- ii. Basic Salary: In the range of ₹ 8,00,000 p.m. to ₹ 10,00,000 p.m.
- iii. Perquisites and Allowances: House rent allowance or rent free furnished accommodation in lieu thereof, house maintenance allowance, conveyance allowance, use of Company car for official purposes, leave travel allowance, medical reimbursement, club membership, telephone at residence, insurance, contribution to provident fund, superannuation fund, payment of gratuity, variable pay / performance linked incentives, employees stock options, special allowance and such other perquisites, allowances and benefits in accordance with the rules of the Bank or as may be agreed by the Board of Directors of the Bank with Dr. Lall, from time to time.
- iv. Loans: Loan facilities to be provided as per the Bank’s policy, at the rate of interest applicable to other employees.

For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per income tax rules, wherever applicable.

# NOTICE (continued)

**RESOLVED FURTHER THAT** the Board of the Bank be and is hereby authorized to fix the actual amount of remuneration and perquisites, payable or to be provided to Dr. Lall and alter, modify, vary or increase the same from time to time, within the limits approved by the Members, to the extent the Board may consider appropriate and as may be permitted or authorised by the RBI on an application made by the Bank.

**RESOLVED FURTHER THAT** where in any financial year, the Bank has no profits or inadequate profits, the remuneration as decided by the Board of Directors (hereinafter referred to as the "Board", which term shall include any Committee which the Board of Directors of the Bank may have constituted or may thereafter constitute and delegate with the powers necessary for the purpose), shall be paid to Dr. Lall as minimum remuneration with the approval of the Central Government, if required read with the applicable provisions of Schedule V of the Companies Act, 2013 and rules made there under.

**RESOLVED FURTHER THAT** for purpose of giving effect to the foregoing resolution, the Board and / or Mr. Mahendra Shah, Company Secretary & Chief Compliance Officer, be and are hereby authorized jointly and / or severally, to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to execute any agreements, documents or instructions as may be required and to settle any question, difficulty or doubt that may arise in the said regard."

## By order of the Board of Directors

**Mahendra N. Shah**  
Company Secretary & Chief Compliance Officer

Mumbai | June 25, 2016

## NOTES:

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business to be transacted at the Annual General Meeting ('AGM' or 'Meeting') is annexed hereto.
2. **PROXIES**
  - a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT ONE OR MORE PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE BANK. PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE BANK'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. ONLY DULY FILLED, SIGNED AND STAMPED PROXY FORM WILL BE CONSIDERED VALID.**
  - b) A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in aggregate not more than ten percent (10%) of the total share capital of the Bank. A Member who is holding more than ten percent (10%) of the total share capital of the Bank may appoint a single person as proxy and such person shall not act as proxy for any other person or Shareholder. The instrument appointing a proxy shall be signed by the appointer or his attorney duly authorised in writing, or if the appointer is a body corporate, it shall be under its seal and be signed by an officer or an attorney duly authorised by it.
  - c) During the period beginning 24 hours before the time fixed for the commencement of the AGM and ending with the conclusion of the AGM, a Member would be entitled to inspect the proxies lodged, during the business hours from 9.00 a.m. to 6.00 p.m. at the Registered Office, provided that not less than three days of notice in writing is given to the Bank.
3. Corporate Members intending to send their authorised representatives to attend the AGM are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the AGM. The documents are required to be sent to the Company Secretary at the Registered Office of the Bank or alternatively the Shareholder may send an e-mail on mahendra.shah@idfcbank.com.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the Registered Office of the Bank and at the AGM.
6. The Register of Contracts or Arrangements, in which directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the Members at the Registered Office of the Bank and at the AGM.
7. The Certificate from the Statutory Auditors of the Bank certifying that the Bank's Employees Stock Option Scheme is being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and in accordance with the resolutions passed by the Members of the Bank, will be available for inspection by the Members at the AGM.
8. Pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ('ICSI'), information in respect of the directors seeking appointment / re-appointment / revision in remuneration at the AGM, is given in the Exhibit to the Notice.

# NOTICE (continued)

9. Members desirous of getting any information about the accounts and / or operations of the Bank are requested to write to Mr. Mahendra N. Shah, Company Secretary and Chief Compliance Officer at least seven days before the date of the AGM to enable the Bank to keep information ready at the AGM.
10. **DIVIDEND**
- a) The Register of Members and Share Transfer Books will remain closed from **Thursday, July 21, 2016 to Wednesday, July 27, 2016** (both days inclusive) for determining the names of Members eligible to receive dividend on equity shares.
- b) Dividend as recommended by the Board of Directors for the financial year ended March 31, 2016, at the rate of 2.5% i.e. ₹ 0.25 per equity share of ₹ 10 each, if approved by the Members at the AGM, will be payable on or after **Thursday, July 28, 2016**, to those Members who hold shares -
- In dematerialised mode, based on the beneficial ownership details to be received from National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on **Wednesday, July 20, 2016**.
  - In physical mode, if their names appear in the Register of Members at the close of business hours on **Wednesday, July 20, 2016**. The instruments of transfer in respect of shares held in physical form of the Bank should be lodged with Karvy Computershare Private Limited [Unit: IDFC Bank Limited], Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, India ('Karvy'), so as to reach them on or before **Wednesday, July 20, 2016**.
- c) Members are encouraged to utilize the Electronic Clearing System ('ECS') for receiving dividends.
11. Members are requested to address all correspondence, including change in address, bank account details and dividend matters, to Karvy. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updation of bank account details to their respective Depository Participants ('DP').
12. Members can avail the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form No. SH-13 duly filled, to the Registrar and Transfer Agent of the Bank i.e. Karvy. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.
13. The Securities and Exchange Board of India ('SEBI') has mandated the submission of Permanent Account Number ('PAN') by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN details to their Depository Participant(s). Members holding shares in physical form are required to submit their PAN details to the Bank / Karvy.
14. All the documents referred to in the Notice and Statement pursuant to Section 102 of the Companies Act, 2013, are open for inspection between 9.00 a.m. to 6.00 p.m. on all working days upto the date of the AGM at the Corporate Office i.e. Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 and at the Registered Office i.e. KRM Tower, 8<sup>th</sup> Floor, No. 1 Harrington Road, Chetpet, Chennai - 600 031 and will also be available at the venue of the AGM.
15. **GREEN INITIATIVE**
- a) In support of the Green Initiative, copies of the Annual Report for FY16 are being sent by electronic mode only to those Members whose e-mail addresses are registered with the Bank / Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their e-mail addresses, physical copies of the Annual Report FY16 are being sent by the permitted mode. Members may also note that Notice and Explanatory Statement are also available for download on the website of the Bank i.e. [www.idfcbank.com](http://www.idfcbank.com). Members who require communication from the Bank in physical form may write to the Company Secretary on [mahendra.shah@idfcbank.com](mailto:mahendra.shah@idfcbank.com).
- b) The Bank requests the Members who have not updated their e-mail addresses to update the same with their respective Depository Participant(s) or communicate their e-mail addresses to the Registrar and Share Transfer Agents i.e. Karvy or the Bank, so that the Bank can send future communications to these Members in electronic mode. Members are requested to send a signed letter, communicating their Name, Folio No. / DP ID / Client ID and e-mail address either by e-mail (scanned copy) to [einward.ris@karvy.com](mailto:einward.ris@karvy.com) or send a hard copy thereof to Karvy. Alternatively the Members can also update their e-mail addresses with Bank by sending an e-mail to [bank.info@idfcbank.com](mailto:bank.info@idfcbank.com).
16. **E-VOTING**
- a) In terms of Sections 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Bank is providing e-voting facility to its Members holding

# NOTICE (continued)

shares in physical or dematerialized form, as on the cut-off date i.e. **Wednesday, July 20, 2016**, to exercise their right to vote through electronic means from a place other than a venue of the meeting on any or all of the businesses specified in the accompanying Notice (the 'Remote e-voting'). The Bank has engaged the services of Karvy Computershare Private Limited as the agency to provide e-voting facility. The Remote e-voting commences on **Friday, July 22, 2016 at 9:00 a.m.** and ends on **Tuesday, July 26, 2016 at 5:00 p.m.** A person who is not a Member as on the cut-off date should treat this notice for information purpose only.

- b) In terms of the Companies (Management and Administration) Rules, 2014 with respect to the Voting through electronic means, the Bank is also offering the facility for voting by way of physical ballot at the AGM. The Members attending the AGM shall note that those who are entitled to vote but have not exercised their right to vote by Remote e-voting, may vote at the AGM through physical ballot for all the businesses specified in this Notice. The Members who have exercised their right to vote by Remote e-voting may attend the AGM but shall not be eligible to vote at the AGM and their vote, if cast at the Meeting shall be treated as invalid. The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Bank as on the cut-off date i.e. **Wednesday, July 20, 2016**, subject to the provisions of the Banking Regulation Act, 1949, as amended from time to time.
  - c) The Board of Directors has appointed Mr. B. Narasimhan, Company Secretary of M/s BN & Associates, Company Secretaries, as the Scrutinizer to scrutinize the Remote e-voting process and voting process at the AGM in a fair and transparent manner.
  - d) An Attendance Slip containing the e-voting USER ID & PASSWORD along with the detailed instructions for Remote e-voting is enclosed with this Notice.
17. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Bank ([www.idfcbank.com](http://www.idfcbank.com)) and on the Service Provider's website (<https://evoting.karvy.com>) and communication of the same will be sent to BSE Limited and the National Stock Exchange of India Limited and shall also be displayed on the Notice Board of the registered and corporate office of the Bank within 48 hours from the conclusion of the AGM.
18. The route map of the venue of the Meeting is given at the end of the Notice.

## 19. ATTENDANCE REGISTRATION:

- a) Members / Proxies / Authorized Representatives are requested to bring their copy of Annual Report along with duly filled Attendance Slip enclosed herewith to attend the AGM.
- b) Shareholders are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall.
- c) Alternatively, to facilitate smooth registration / entry, the Bank has also provided a 'web check-in' facility, which would help the shareholder enter the AGM hall directly without going through the registration formalities at the registration counters.
- d) The online registration facility will be available from **Friday, July 22, 2016 at 9:00 a.m. to Tuesday, July 26, 2016 until 5:00 p.m.** (i.e. during the e-voting period).

### The Procedure of web check-in is as follows:

- a) Log in to <https://karisma.karvy.com> and click on the online registration link.
- b) Select the company name.
- c) Pass through the security credentials viz., DP ID, Client ID / Folio entry, PAN no., and 'CAPTCHA' as directed by the system and click on the submit button.
- d) The system will validate the credentials. Click on the 'Generate my attendance slip' button that appears on the screen.
- e) The attendance slip in PDF format will appear on the screen. Select the 'PRINT' option for direct printing or download and save for printing.

**A Member / Proxy / Authorised Representative needs to furnish a duly signed 'Attendance Slip' along with a valid Identity proof such as PAN card, Passport, Aadhar card or Driving License to enter the AGM hall.**

# NOTICE (continued)

## ANNEXURE TO NOTICE

**Statement pursuant to Section 102(1) of the Companies Act, 2013 setting out all material facts:**

### **Item No. 5**

#### **Appointment of Mr. Rajan Anandan as an Independent Director**

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of IDFC Bank Limited had appointed Mr. Rajan Anandan as an Additional Director, in the category of Independent Director ('ID'), on December 01, 2015. He holds the office of Director up to the date of this AGM pursuant to Section 161 of the Companies Act, 2013 and Article 99 of the Articles of Association of the Bank.

The Bank has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a Member along with a deposit of ₹ 1,00,000 proposing the candidature of Mr. Rajan Anandan for appointment as an ID of the Bank.

As per the recommendations of Dr. Ganguly Group Report, due diligence of Mr. Anandan was done in regard to his suitability for the post of Independent Director of the Bank. Mr. Anandan had given consent and various declarations as per the provisions of the Reserve Bank of India ('RBI') and Companies Act, 2013. A deed of covenant has been executed by Mr. Anandan binding him to discharge his responsibilities to the best of his abilities, individually and collectively, as per the RBI Circular No. DBOD. No.BC.105/08.139.001/2003-04 dated June 25, 2004.

He has given a declaration of Independence pursuant to Sections 149(6) and 149(7) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 alongwith his affirmance to the Code of Independent Directors as prescribed under Schedule IV of the Companies Act, 2013. Mr. Anandan fulfils the conditions specified in the Companies Act, 2013, the Rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is Independent of the Management.

Mr. Rajan Anandan's appointment is in compliance with the provisions of Section 10-A of the Banking Regulation Act, 1949, in particular, on account of he having the requisite experience / expertise required under Section 10-A(2) of the Banking Regulation Act, 1949.

In the opinion of the Board, Mr. Anandan is a person of integrity and has the necessary knowledge, experience and expertise for being appointed as an ID. A detailed profile of Mr. Anandan along with Directorships and Committee positions held by him in other Companies has been given in the Exhibit to this Notice and is also included in the Corporate Governance report forming part of this Annual Report.

Mr. Rajan Anandan is proposed to be appointed as an ID for a period of Three (3) consecutive years from December 01, 2015 to November 30, 2018 and he shall not be liable to retire by

rotation. He will be paid such fees, profit related commission and remuneration as the Board and Members may approve from time to time and within the limits as prescribed under the Companies Act, 2013, the Banking Regulation Act, 1949 and within the directions issued by RBI, from time to time.

Mr. Rajan Anandan is not related with any other Director or Key Managerial Personnel ('KMP') of the Bank.

The Board of Directors recommend passing of Ordinary Resolution as set out in Item No. 5 of this Notice.

Except Mr. Rajan Anandan, none of the Directors or KMP and / or his relatives, are in any way, financial or otherwise, interested or concerned in this resolution.

### **Item No. 6**

#### **Offer and Issue of Debt Securities on Private Placement basis**

Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, lays down the provisions subject to which a company is allowed to issue securities on Private Placement ('PP') basis. Every proposed offer of Securities or invitation to subscribe to Securities on PP basis requires prior approval of Members of the company by way of Special Resolution. However, in case of offer / issuance of Non-Convertible Debentures ('NCDs'), passing of a Special Resolution by the Members for all such offers / invitation for such debentures, once in a year is sufficient.

Accordingly, the Bank had obtained the approval of Members at the last Annual General Meeting ('AGM') held on September 29, 2015 for borrowing / raising funds by issue of debt securities pursuant to the relevant provisions of the applicable circulars or guidelines issued by Reserve Bank of India, upto ₹ 150,000 crores (Rupees One Lakh Fifty Thousand Crores only), in one or more tranches. Pursuant to the said approval, the Bank has raised an amount of ₹ 480 crores (Rupees Four Hundred and Eighty Crore only) by way of issue of Bonds till the date of this notice of AGM.

In order to facilitate the raising of funds by way of issue of debt securities, it would be necessary to have the fresh approval of Members in place. Accordingly, the Board of Directors, after assessing its fund requirements, has proposed to obtain the consent of the Members of the Bank for borrowing / raising funds from time to time, in Indian currency / Foreign currency, by issue of debt securities, on private placement basis, upto an amount not exceeding ₹ 15,000 crore (Rupees Fifteen Thousand Crores only), outstanding at any point of time.

The said limit of ₹ 15,000 crores (Rupees Fifteen Thousand Crores only) shall be within the overall borrowing limit of ₹ 1,50,000 crores (Rupees One Lakh Fifty Thousand Crores only) approved under Section 180(1)(c) of the Companies Act, 2013 by the Members at the 1<sup>st</sup> AGM held on September 29, 2015.

The proposed resolution under Section 42 of Companies Act, 2013 shall be valid for a period of one year from the date of passing of this resolution.



# NOTICE (continued)

The pricing of the Bonds and NCDs will depend primarily upon the then prevailing market conditions and the regulatory scenario. The pricing for each of the issuance would be approved by the Board of Directors or any of its Committee duly authorized in this regard.

The Board of Directors recommend passing of the Special Resolution as set out in Item No. 6 of this Notice.

None of the Directors or Key Managerial Personnel and / or their relatives, are in any way, financial or otherwise, interested or concerned in this resolution.

## Item No. 7 and 8

### **Reduction in ESOP pool from 7% to 6% of the paid up share capital of the Bank and Ratification of IDFC Bank Limited Employee Stock Option Scheme 2015 ('IDFC BANK ESOS - 2015' or the 'Scheme') and grant of Options to the Eligible Employees / Directors of the Subsidiary Company(ies) of the Bank under the Scheme**

Employee Stock Options ('ESOPs' or 'Options') act as a good tool in fostering employee morale and attracting and retaining talented employees, since employees who participate in ESOPs are likely to have a greater sense of ownership.

The Shareholders of IDFC Bank Limited ('IDFC Bank' or 'the Bank') at their Extraordinary General Meeting held on December 09, 2014 had adopted an Employee Stock Option Scheme namely IDFC Bank Limited ESOS - 2015 ('IDFC Bank ESOS - 2015') and had resolved to issue to the Eligible Employees and Directors of IDFC Bank, its Holding Company or Subsidiary Company(ies), in India / outside India, excluding the Independent Directors, under IDFC Bank ESOS - 2015, ESOPs not more than 2.5% of the paid-up equity share capital of the Bank at any point of time, in one or more tranches.

Pursuant to the Scheme of Arrangement among IDFC Limited and IDFC Bank Limited and their respective shareholders and creditors under Sections 391 to 394 of the Companies Act, 1956 ('Demerger Scheme'), on the Effective Date, the Employees that were transferred with the Financing Undertaking to IDFC Bank Limited, as well as all remaining Employees of IDFC Limited or their respective Subsidiary Companies, who had been granted Options under IDFC Limited Employee Stock Option Scheme 2007, which were not exercised (vested or unvested), as of the Record Date, were granted One (1) Option by IDFC Bank Limited under IDFC Bank ESOS - 2015 for every One (1) Option held in IDFC Limited by such Employee.

Therefore, it was necessary to increase the limit of ESOPs that can be granted under IDFC Bank ESOS - 2015 from 2.5% to 7% so as to accommodate grants to IDFC Group Employees (pursuant to the Demerger Scheme) and grants to new Employees of IDFC Bank. Accordingly, the shareholders at the 1<sup>st</sup> Annual General Meeting ('AGM') of the Bank held on September 29, 2015, approved and increased the pool of ESOPs from 2.5% to 7% of the paid-up equity share capital of the Bank at any point of time, in one or more tranches.

Prior to listing of IDFC Bank shares on November 06, 2015, ESOPs were granted to the Employees of IDFC and its Subsidiary Companies and Employees of IDFC Bank. Till the date of this Notice, IDFC Bank has cumulatively granted 95,422,878 ESOPs.

Since, IDFC Bank ESOS - 2015 was formed and grants were made thereunder before listing of the Bank's equity shares, the approval of the Members is sought at the ensuing AGM for ratifying IDFC Bank ESOS - 2015 and grants made thereunder.

With large capital base, the Management is now of the view that the reduced ESOP pool of 6% would be sufficient to adequately compensate the Employees of IDFC Bank and its Subsidiary Companies in next 2-3 years. Going forward, the Bank would issue ESOPs only to the Eligible Employees of the Bank and / or its Subsidiary Companies, if any and not to the Employees of the Holding Company.

The Resolution contained in Item No. 7 seeks Members approval for reduction of ESOP pool from 7% to 6% of the paid up equity share capital of the Bank and to ratify IDFC Bank ESOS - 2015 Scheme & Options granted to the Eligible Employees / Directors of IDFC Bank under the said Scheme.

The Resolution contained in Item No. 8 seeks Members approval to ratify IDFC Bank ESOS - 2015 Scheme and grant Options to the Eligible Employees / Directors of the Subsidiary Company(ies) of the Bank under the said Scheme.

Presently, the Bank has no subsidiary companies.

A copy of the IDFC Bank ESOS - 2015 will also be available for inspection at the Registered Office and Corporate Office of the Bank between 9:00 a.m. to 6:00 p.m. on all working days up to the date of the AGM.

As per Regulation 6 and Regulation 14 of the SEBI Regulations, the key details of the aforesaid Scheme are set out below:

#### **a. Brief description of the Scheme**

The objective of IDFC Bank ESOS - 2015 is to reward the Employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Bank. The Bank also intends to use this Scheme to attract and reward talent and performance in the organization. The Bank views Employee Stock Options as instruments that would enable the Employees to share the value they would create and contribute for the Bank in the years to come.

#### **b. Total number of options to be granted**

Each Option would entitle an Employee to acquire one equity share of the Bank. The Nomination & Remuneration Committee ('NRC') shall determine the Options to be granted to the Employees of the Bank and subsidiary company(ies), as applicable, under IDFC Bank ESOS - 2015. However, allotment of such number of equity shares pursuant to exercise of the Options by Employees, shall not exceed in aggregate 6% of the issued and paid up share capital of the Bank from time to time.

**c. Identification of classes of employees entitled to participate and be beneficiaries in the Scheme**

All the Employees and Directors, as defined under SEBI Regulations, of the Bank & Subsidiary Companies (Present & future), as applicable, whether working in India or outside India, will be entitled to participate in IDFC Bank ESOS - 2015, subject to fulfillment of such eligibility criteria(s) as may be specified in the SEBI Regulations 2014 and / or as may be determined by Nomination and Remuneration Committee ('NRC') from time to time.

**d. Requirements of vesting and period of vesting**

The vesting of an Option would also be subject to the terms and conditions as may be stipulated by the NRC from time to time including but not limited to satisfactory performance of the Employees, their continued employment with the Bank and Subsidiary Companies, as applicable. The vesting period shall commence any time after the expiry of one year from the date of the grant of the Options to the Employee and shall end over a maximum period of 5 years from the date of the grant of the Options. The Options could vest in tranches. The number of ESOPs and terms of the same made available to Employees (including the vesting period) could vary at the discretion of the NRC.

**e. Maximum period (subject to regulation 18(1) and 24(1) of the regulations, as the case may be) within which the options shall be vested**

Five years from the date of the grant.

**f. Exercise price or pricing formula**

Exercise Price shall be as decided by the NRC, subject to a minimum of the face value per share.

**g. Exercise period and process of exercise**

Exercise period - Upto 5 Years from the date of Vesting of Options

Process of Exercise - The Option Grantee may, at any time during the Exercise Period, and subject to fulfillment of conditions of Vesting, Exercise the Options by submitting Exercise Application to the Bank accompanied by payment of an amount equivalent to the Exercise Price and applicable tax amount, in respect of such Shares. The Exercise Application shall be in such form as may be prescribed in this regard and the NRC may determine the procedure for Exercise from time to time.

**h. The appraisal process for determining the eligibility of employees for the Scheme**

The specific Employees to whom the Options would be granted and their eligibility criteria (including but not limited to performance, merit, grade, conduct and length of service of the Employee) would be determined by the NRC, at its absolute discretion. This power of NRC can be delegated by NRC to any official of the Bank.

**i. Maximum number of options to be issued per employee and in aggregate**

In aggregate, ESOPs can be granted not exceeding 6% of the issued & paid up capital of the Bank from time to time.

**j. Maximum quantum of benefits to be provided per employee under a Scheme**

As per applicable SEBI Regulations.

**k. Whether the Scheme is to be implemented and administered directly by the Company or through a trust**

Scheme is to be implemented and administered directly by the Bank.

**l. Whether the Scheme involves new issue of shares by the Company or secondary acquisition by the trust or both**

Scheme involves new issue of shares by the Bank.

**m. The amount of loan to be provided for implementation of the Scheme by the company to the trust, its tenure, utilization, repayment terms, etc.**

NIL

**n. Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the Scheme**

Not Applicable

**o. A statement to the effect that the Company shall conform to the accounting policies specified in Regulation 15**

The Bank shall comply with the accounting policies specified in the requirements on the guidance note on accounting for employees share based payments ('Guidance Note') or Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India ('ICAI') from time to time, including disclosure requirements prescribed therein.

**p. The method which the Company shall use to value its options**

The Bank shall follow the intrinsic value method for computing the compensation cost for the Options granted. The difference between the compensation cost so calculated and the compensation cost that would have been recognised if the Bank had used fair value method and its impact on the profits and earnings per share shall be disclosed as per Applicable Laws, wherever required.

**q. The following statement, if applicable; 'In case the company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share of the company shall also be disclosed in the Directors' report.'**

Will be disclosed in the Boards' Report, whenever applicable.

#### **r. Listing of shares**

Subject to the approval of the Stock Exchanges, the relevant equity shares on exercise of the Options shall be listed on the Stock Exchanges on which the securities of the Bank are listed.

Pursuant to the SEBI Regulations, a separate resolution is required to be passed, if the grant of Option is made to the Employees / Directors of Subsidiary Company(ies).

The Board of Directors accordingly recommend passing of the Special Resolution as set out in Item No. 7 and 8 of this Notice.

The Directors, Key Managerial Personnel or their relatives may be deemed to be concerned or interested in these resolutions to the extent of the ESOPs granted to them under the Scheme and to the extent of their shareholding as Members.

#### **Item No. 9**

##### **Payment of Commission to Non-Executive Directors**

The Board of Directors of IDFC Bank Limited ('the Bank') bring with them, a wide range of significant professional expertise and rich experience across a wide spectrum of functional areas such as Management and Administration, Economics, Banking, Commercial Banking, Investment Banking, Micro-Finance, Finance, Audit and Accounting, Agriculture etc.

In the current competitive business environment, Directors are required to take far more complex business decisions than before and are required to commit their time and provide expertise for the company's business. In addition, with the more stringent Accounting Standards and Corporate Governance norms, the Directors not only have to ensure compliance with various statutory requirements but also enhance the level and quality of Corporate Governance.

Therefore, it is proposed to compensate the Directors adequately for the efforts that will be put in by them for the growth of the Bank.

As per the provisions of Section 197 of the Companies Act, 2013 ('Act'), the Directors (excluding Managing Director and Whole-time Director) may be paid remuneration by way of Commission, either by way of a monthly payment or at a specified percentage of the Net Profits of the Bank or partly by one way and partly by the other, not exceeding 1% of the Net Profits of the Bank computed in the manner referred to in Section 198 of the Act.

Also, as per the Reserve Bank of India's "Guidelines on Compensation of Non-Executive Directors of Private Sector Banks" dated June 01, 2015, the Board may, at its discretion, provide for in the compensation policy, payment of compensation in the form of profit related commission to the Non-Executive Directors (other than the part-time chairman), subject to the bank making profits. Such compensation, however, shall not exceed ₹ 10 Lakhs per annum for each such Director.

Considering the above, the Board of Directors of the Bank have, subject to the approval of Members of the Bank, proposed to remunerate the Non-Executive Directors (i.e. Directors other than Managing Director and Whole-time Directors) by way of profit related commission, the lowest of the limits as under, with effect from April 01, 2015:

- (i) Maximum of ₹ 10 Lakhs per annum for each of such Non-Executive Directors, in such manner and in all respects as may be decided by the Board of Directors; or
- (ii) Profit related commission not exceeding in aggregate one per cent (1%) of the net profits of the Bank for each financial year in terms of the provisions of Section 197 of the Act and as computed in the manner laid down in Section 198 of the Act.

In addition to the above, Non-Executive Directors will be paid sitting fees for attending Board and Committee meetings, travelling expenses including airfare, hotel stay and car on rental basis for attending the meetings and such other expenses as are incurred by the Directors and allowed to be reimbursed as per the provisions of the Act, the Banking Regulation Act, 1949 and Reserve Bank of India Circulars / Guidelines / Notifications / Directions issued from time to time.

No Commission shall be paid to the Executive Directors of the Bank.

The Remuneration Policy for Directors, Key Managerial Personnel, Senior Managerial Personnel and other Employees of IDFC Bank *inter alia*, provides for remuneration to Non-Executive Directors by way of commission to the extent approved by the Members.

The payment of Commission to the Non-Executive Directors of the Bank will require the approval of the Shareholders by way of an Ordinary Resolution.

The Board of Directors recommend passing of Ordinary Resolution as set out in Item No. 9 of this Notice.

Except all the Non-Executive Directors of the Bank, none of the other Directors, Key Managerial Personnel and / or their relatives are, in any way, financial or otherwise, interested or concerned in this resolution.

#### **Item No. 10**

##### **Approval of remuneration payable to Dr. Rajiv B. Lall, Founder Managing Director & CEO of the Bank**

IDFC Limited ('IDFC') was granted an In-principle approval by the Reserve Bank of India ('RBI') on April 09, 2014 ('RBI In-Principle Approval') to set up a new bank in the private sector under Section 22 of the Banking Regulation Act, 1949. Accordingly, a new company namely IDFC Bank Limited ('IDFC Bank' or 'the Bank') was incorporated on October 21, 2014. The terms and conditions contained in the RBI In-Principle Approval and the Guidelines for Licensing of New Banks in the Private Sector dated February 22, 2013 ('RBI New Banking Guidelines') required IDFC to transfer its lending and financing business

('Financing Undertaking') to IDFC Bank. Accordingly, the Financing Undertaking was demerged into IDFC Bank pursuant to a Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 ('Demerger Scheme'). The Effective Date of the Demerger Scheme was October 01, 2015.

Dr. Rajiv B. Lall was the Executive Chairman of IDFC until September 30, 2015. The Board of Directors of IDFC, the promoter company of IDFC Bank had considered and nominated Dr. Rajiv B. Lall as the Executive Vice-Chairman and Managing Director of IDFC Bank.

Further, the Shareholders of IDFC Bank at its 1<sup>st</sup> Annual General Meeting held on September 29, 2015, had appointed Dr. Rajiv B. Lall as Executive Vice-Chairman and Managing Director of the Bank for a period of 5 years w.e.f October 01, 2015 on the same Fixed Remuneration of ₹ 3.29 crore what he was getting from IDFC, subject to the approval of the RBI.

Subsequently, the RBI granted its approval to the appointment of Dr. Rajiv B. Lall as the Managing Director and CEO of the Bank for a period of 3 years w.e.f. October 01, 2015. Also, RBI granted its approval for remuneration of ₹ 3.29 crore p.a. to Dr. Lall.

The Board of Directors of the Bank at its meeting held on January 27, 2016 designated Dr. Rajiv B. Lall as the Founder Managing Director & CEO of IDFC Bank.

Considering the market benchmark, the responsibilities handled by the Founder Managing Director & CEO and the performance of the Bank in its first six months of operations under his leadership, the Nomination & Remuneration Committee and the Board of the Directors, subject to approval of the RBI, recommend an annual increment of 5% on Fixed Pay to Dr. Rajiv B. Lall for FY17.

The remuneration proposed to be paid to Dr. Rajiv B. Lall for FY17 is as under:

IN ₹

|  |  |
|--|--|
| Basic Salary                                       | 9,600,000 p.a.   |
| Performance Bonus                                  | As may be decided by the Board of Directors, subject to approval of RBI. |
| Special Allowance                                  | 23,778,000 p.a.  |
| Perquisites  |  |
| 1. Free furnished house                            | Company Leased Accommodation   |
| 2. Free use of Company's car for official purposes | Company maintained car with driver                                       |
| 3. Provident Fund                                  | 1,152,000 p.a.   |
| 4. Medical benefits                                | 15,000 p.a.  |
| <b>Total</b>                                       | <b>34,545,000 p.a.</b>   |
| 5. Other benefits, if any                          |  |
| (i) Gratuity                                       | As per Scheme of the Bank  |
| (ii) Club Membership                               | As per Scheme of the Bank  |
| (iii) Other Benefits                               | As per Scheme of the Bank  |

Brief profile and other details of Dr. Lall are provided in the Exhibit to Notice.

The Board of Directors recommend passing of Ordinary Resolution as set out in Item No. 10 of this Notice.

Dr. Rajiv B. Lall may be deemed to be concerned or interested in the Resolution relating to his remuneration. He is not related with any other Director, Key Managerial Personnel ('KMP') or their relatives.

Except Dr. Rajiv B. Lall, none of the other Directors, KMP and / or their relatives are, in any way, financial or otherwise, interested or concerned in this resolution.

# NOTICE (continued)

## EXHIBIT TO NOTICE

Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2 by ICSI.

| <b>Name of the Director</b>   | <b>Mr. Vinod Rai</b>   | <b>Mr. Rajan Anandan</b>   | <b>Dr. Rajiv B. Lall</b>  |
|---|--|--|---|
| <b>Date of Birth</b>  | May 23, 1948   | October 13, 1968   | August 02, 1957   |
| <b>Age</b>  | 68 years   | 47 years   | 58 years  |
| <b>Date of first appointment on the Board</b>   | July 27, 2015  | December 01, 2015  | October 21, 2014  |
| <b>Brief Resume, Qualification, Experience and Nature of Expertise in specific functional areas</b> | <p>Mr. Vinod Rai is the Non-Executive Chairman (Independent Director) of IDFC Limited. He was the former Comptroller and Auditor General of India. Mr. Rai has wide experience of working in various capacities at both, the Central and State Governments. His previous position was as Secretary in the Ministry of Finance - Gol, where he was responsible for managing the Financial Services sector, including banks and insurance companies. He had been a Director on several Boards including the State Bank of India, ICICI Bank, IDBI Bank, Life Insurance Corporation of India etc. Mr. Rai was instrumental in setting up the India Infrastructure Finance Company Limited and was also on the Board of this company. Mr. Rai has also been the Principal Secretary(Finance) in the State Government of Kerala, apart from holding senior positions in the Ministries of Commerce and Defence, Government of India. Mr. Vinod Rai has a Master's Degree in Economics from Delhi School of Economics, University of Delhi. He has a Master's Degree in Public Administration from Harvard University, USA. He has been recently honoured with the Padma Bhushan award by the Government of India.</p> | <p>Mr. Rajan Anandan, was appointed as Additional (Non-Executive) Director of IDFC Bank on December 1, 2015. Mr. Anandan is the Vice President and Managing Director of Google South East Asia and India and is responsible for Sales and Operations in the region. Mr. Anandan is focused on expanding the Internet ecosystem in the region, increasing adoption among consumers and businesses and accelerating innovation. South East Asia and India, with over two billion consumers and 500 million Internet users, is the fastest growing Internet user base in the world. Mr. Anandan joined Google in early 2011 to lead Google's business in India. His career includes leadership roles at Microsoft, Dell and McKinsey &amp; Company. Prior to Google, Mr. Anandan was the Managing Director of Microsoft India and built India's largest software business. Before joining Microsoft, he was a Vice President with Dell where he held several global leadership roles including that of the Executive Assistant to Chairman Michael Dell. Before Dell, Mr. Anandan was a Partner with McKinsey &amp; Company in Chicago. He holds a MSc from Stanford University and a BSc from MIT.</p> | <p>Dr. Rajiv B. Lall, was the Executive Chairman of IDFC Limited until September 2015. He has about three decades of experience with leading global investment banks, multilateral agencies and in academia. His areas of expertise include project finance, private equity / venture capital, international capital markets, trade, infrastructure and macroeconomic policy issues with a focus on emerging markets including India and China in particular. Dr. Lall straddles the policy making and finance worlds. He currently chairs the National Committee on Infrastructure Financing of CII (Confederation of Indian Industry) a leading business chamber in the country. He is a member of the Managing Committee of ASSOCHAM; the CII National Council on Financial Sector Development and the CII National Committee on Banking. Internationally, he is a member of the Advisory Board of Columbia Global Centers, South Asia, set up by the Columbia University, New York. He is also on the International Advisory Board of the Centre for the Advanced Study of India (CASI) at the University of Pennsylvania; and a member of the City of London's Advisory Council on India. He was the President of Bombay Chamber of Commerce and Industry and has chaired the Global Agenda Council on Infrastructure of the World Economic Forum. Dr. Lall was India's representative to the G20 Workgroup on Infrastructure and was also a member of the Planning Commission's Steering Committee on Urban Development Management; the Prime Minister's Committees on Infrastructure Finance and Transport Sector Development; Expert Group on Modernisation of Indian Railways of Ministry of Railways Government of India; and the RBI's Committee on NBFCs. Dr. Lall has served on several other Government Committees including those focused on Urban Infrastructure, Bond Market Development and Financial Sector Reform. Prior to joining IDFC, Dr. Lall was variously, a Partner with Warburg Pincus in New York; Head of Asian Economic Research with Morgan Stanley in Hong Kong; a senior staff member of the World Bank in Washington, D.C. and of the Asian Development Bank in Manila and faculty member of the Florida Atlantic University Department of Economics. Dr. Lall has a number of publications and articles to his credit. He has been a regular columnist with the Business Standard, a leading financial daily in India. He has a BA in Politics, Philosophy and Economics from Oxford University and a Ph.D. in Economics from Columbia University.</p> |

# NOTICE (continued)

## EXHIBIT TO NOTICE

Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2 by ICSI.

| Name of the Director  | Mr. Vinod Rai  | Mr. Rajan Anandan   | Dr. Rajiv B. Lall  |
|---|--|---|--|
| <b>No. of Board Meetings attended during FY16</b>                                 | 5  | 2   | 8  |
| <b>Directorships held in other companies</b>                                      | <b>Public Companies</b><br>1. IDFC Limited<br>2. IDFC Financial Holding Company Limited<br>3. Apollo Tyres Limited   | <b>Public Companies</b><br>NIL  | <b>Public Companies</b><br>NIL   |
|   | <b>Private / Section 8 / Foreign Companies</b><br>1. Grassroot Trading Network for Women<br>2. Shubham Housing Development Finance Company Private Limited   | <b>Private / Section 8 / Foreign Companies</b><br>1. Reach Process Outsourcing Private Limited<br>2. Webklipper Technologies Private Limited<br>3. Kardo Design Private Limited<br>4. Sensibol Audio Technologies Private Limited | <b>Private / Section 8 / Foreign Companies</b><br>1. IDFC Foundation<br>2. Lok Social Services   |
| <b>Memberships / Chairmanships of Committees of other Boards</b>                  | <b>Audit Committee</b><br>- IDFC Limited (Member)<br>- IDFC Financial Holding Company Limited (Member)<br><b>Stakeholders' Relationship Committee</b><br>- IDFC Limited (Chairman)<br><b>Nomination &amp; Remuneration Committee</b><br>- IDFC Limited (Member)<br>- IDFC Financial Holding Company Limited (Member)<br><b>Risk Management Committee</b><br>- IDFC Limited (Member)<br>- IDFC Financial Holding Company Limited (Member)<br><b>Investment Committee</b><br>- IDFC Limited (Chairman) | NIL   | NIL  |
| <b>Remuneration last drawn</b>  | Refer Table 04 of Corporate Governance Report which forms part of 2 <sup>nd</sup> Annual Report of IDFC Bank.  |   |  |
| <b>Details of Remuneration sought to be paid</b>                                  | Sitting fees as approved by the Board of Directors of the Bank within the limits of the applicable laws.   | Sitting fees and Commission as approved by the Board of Directors / Members of the Bank within the limits of the applicable laws.   | Remuneration as approved by the Reserve Bank of India, Board of Directors and Members of the Bank, within the limits of the applicable laws. |
| <b>Shareholding of Director in IDFC Bank</b>                                      | NIL  | NIL   | 2,444,984 equity shares  |
| <b>Relationship with other Directors and Key Managerial Personnel of the Bank</b> | NIL  | NIL   | NIL  |