



INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

Registered Office: KRM Tower, 8th Floor, No. 1, Harrington Road, Chetpet, Chennai – 600 031
Corporate Office: Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051

POSTAL BALLOT NOTICE

Pursuant to Section 192A (2) of the Companies Act, 1956

Infrastructure Development Finance Company Limited (IDFC or The Company) has, since June 2010, been borrowing against securities by way of hypothecation/pledge/mortgage of its receivables/assets by creating floating charges on the receivables/ other assets appearing in the Balance Sheet.

While granting the Financial Assistance, the Financial Institutions/ lenders of the Company have been requesting the Company to provide a resolution under Section 293(1)(a) of the Companies Act, 1956, in addition to the resolution under Section 293(1)(d) as a precondition of lending for IDFC. According to the lenders, mortgaging or hypothecating assets would mean “otherwise disposing of assets” as provided under Section 293(1)(a).

Accordingly, the draft Ordinary Resolution and the Explanatory Statement setting out material facts and reasons are being sent to you along with the Postal Ballot Form for your consideration and approval. You are requested to carefully read the instructions printed on the Postal Ballot Form and return the same duly completed, in the attached self addressed pre-paid Business reply Inland Letter card, so as to reach the Scrutinizer on or before 5.30 pm on October 31, 2011. Your assent / dissent received at the address of the Scrutinizer after 5.30 pm on October 31, 2011 would be strictly treated as if the reply from you was not received. This is in accordance with the Postal Ballot Rules aforesaid.

The Company has appointed Ms Savita Jyoti, Practicing Company Secretary, as Scrutinizer for conducting the postal ballot voting in a fair and transparent manner. The Scrutinizer will submit her report to the Chairman after completion of scrutiny of Postal Ballot Forms received and the results of the postal ballot will be announced at the Corporate Office of the Company by 5:30 p.m. on Tuesday, November 01, 2011. The result of the postal ballot will also be displayed at the Corporate Office and the Registered Office of the Company and posted on the Company’s website: www.idfc.com, besides being communicated to the Stock Exchanges where the securities of the Company are listed.

Ordinary Resolution to be passed through Postal Ballot:

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

RESOLVED THAT the consent of the members of the Company be and is hereby accorded in terms of Section 293(1)(a) read with section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors for mortgaging and or creating a charge in such form and manner and on such terms and at such time(s) as the Board of Directors may deem fit, the whole or substantially the whole of the undertaking of the Company, whether moveable or immovable properties of the Company, present and future wheresoever situated, in favour of Financial/ Investment Institution(s) / Bank(s)/Trustees / Lenders and/or to secure the debenture/ bonds issued or proposed to be issued, loan and /or other credit facilities availed or proposed to be availed together with interest thereon and such other costs, charges, expenses and other moneys payable by the Company as per the terms and conditions of the issue of bonds/debentures issued/ proposed to be issued or the loan agreement and/or other documents pertaining to credit facilities entered into or proposed to be entered into by the Company, up to the maximum ceiling prescribed under Section 293(1)(d) of the Companies Act, 1956 for borrowing by the Company, including any limit approved by the shareholders pursuant to the said Section 293(1)(d)”.

RESOLVED FURTHER THAT the Board of Directors (for the purpose of this resolution, the “Board” would 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 authorized to negotiate with the lending entity and to finalize and execute the documents and deeds, as may be applicable, for creating the appropriate mortgages and or/charges on such of the immovable and or/ moveable properties of the Company on such terms and conditions as may be decided by the Board and to perform all such acts, deeds and things as may be necessary in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorized to decide and approve other terms and conditions of the issue subject to agreement with the investors and also shall be entitled to vary, modify or alter any of the terms and conditions, as it may deem expedient, subject however to the compliance with the applicable guidelines, notifications, rules and regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate to the extent permitted by law, all or any of the powers herein conferred to any Committee of Directors or the Managing Director or any Whole time Director or any other Officer or Officers of the Company to give effect to the aforesaid resolution.”

By Order of the Board

Place: Mumbai

Date : September 30, 2011

Mahendra N. Shah
Company Secretary

Explanatory Statement pursuant to Section 192A(2) and Section 173(2) of the Companies Act, 1956 setting out all the material facts pertaining to the Ordinary Resolution.

The Company has, since June 2010, been borrowing against securities by way of hypothecation of its receivables and by creating floating charges on the receivables appearing in the Balance Sheet. Pursuant to the same, the lenders of the Company have been requesting the Company to provide a resolution under Section 293(1)(a) of the Companies Act, 1956 as one of the conditions for approving the loan. The mortgage and/or charge on any of the movable and/ or immovable properties and/or the whole or any part of the undertaking(s) of the Company, to secure borrowings of the Company or of any of its holding, subsidiary, affiliate or associate Company, in certain events of default, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956.

Section 293 (1) (a) of the Companies Act, 1956 requires the approval of the shareholders of the Company to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking. As per the views of the lenders, mortgage or hypothecation of assets tantamount to “otherwise disposing of assets” as provided under Section 293(1)(a).

Accordingly, the Board of Directors recommend passing of the Ordinary Resolution as contained in the Notice.

None of the Directors of the Company is concerned or interested in the Resolution.

By Order of the Board

Place: Mumbai

Date : September 30, 2011

Mahendra N. Shah
Company Secretary