



corporate governance report

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COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Being a professionally run Company with no single promoter or promoter group, effective Board oversight and sound Corporate Governance practices are inherent to the pursuit of Infrastructure Development Finance Company Limited ('IDFC' or 'the Company') of delivering value to all its stakeholders on a sustainable basis.

IDFC is fundamentally a financial intermediary. The business focuses on maximising returns on assets, while effectively managing the inherent risks. In this pursuit, for efficient and responsible decision making and execution, it is imperative to develop good governance structures and "best in class" processes that have strong reliance on ethics and value systems. Adopting such a framework, IDFC emphasises on appropriate and timely disclosures and transparency in business dealings.

Corporate Governance is an ongoing process at IDFC. Systems, policies and frameworks are regularly upgraded to effectively meet the challenges of rapid growth in a dynamic external business environment. Governance practices have to not only deal with the growing size of the business but also the increase in complexities

of the organisation structure that supports such aggressive growth.

In India, Corporate Governance standards for listed companies are regulated by the Securities & Exchange Board of India (SEBI) through Clause 49 of the Listing Agreement with the Stock Exchanges. As a Company, which believes in implementing Corporate Governance practices that go beyond just meeting the letter of law, IDFC has not only adopted practices mandated in the new Clause 49, but also incorporated the relevant non-mandatory recommendations.

This chapter, alongwith the chapters on Management Discussion & Analysis and Additional Shareholder Information, reports IDFC's compliance with the prevalent Clause 49.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

As on March 31, 2011 the Company's Board comprises twelve Directors, including a non executive Chairman, five independent Directors, two nominees of institutions which have invested in or lent to the Company, two Government Nominated Directors and two Whole-Time Directors. The Chairman of the Board is a non promoter, non executive Director.

The composition of the Board is in conformity with Clause 49 of the Listing Agreement, which stipulates that 50 per cent of the Board should comprise of non executive Directors, and if the Chairman is non executive and not a promoter, one-third of the Board should be independent.

NUMBER OF BOARD MEETINGS

The Board of Directors met six times during the year under review on April 27, 2010, June 28, 2010, August 04, 2010, November 08, 2010, January 31, 2011 and March 28, 2011. The gap between any two meetings was less than four months.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIP HELD

As mandated by the Clause 49, none of the Directors are members of more than ten Board level committees nor are they Chairman of more than five committees in which they are members. Refer Table 1 for details.

INFORMATION SUPPLIED TO THE BOARD

The Board has complete access to all information about the Company. *Inter alia*, the following information is regularly provided to the Board as a part of

1 Composition of the Board of Directors

NAME OF DIRECTOR	POSITION	NO. OF MEETINGS HELD IN 2010-11	NO. OF MEETINGS ATTENDED IN 2010-11	WHETHER ATTENDED LAST AGM ON JUNE 28, 2010	NO. OF OUTSIDE DIRECTORSHIPS OF PUBLIC COMPANIES*	NO. OF COMMITTEE MEMBERSHIPS# OTHER THAN IDFC	NO. OF CHAIRMANSHIPS OF COMMITTEES# OTHER THAN IDFC
Mr. Deepak Parekh	Non Executive Chairman	6	6	Yes	12*	7	5
Dr. Rajiv B. Lall	Managing Director & CEO	6	6	Yes	12*	2	NIL
Mr. Vikram Limaye	Whole-Time Director	6	6	Yes	14	6	5
Mr. G. C. Chaturvedi**	Nominee - Non Executive	3	NIL	No	1	NIL	NIL
Mr. Bimal Julka ***	Nominee - Non Executive	3	2	NA	1	NIL	NIL
Mr. S. S. Kohli	Nominee - Non Executive	6	5	Yes	6	3	2
Mr. Abdul Rahim Abu Bakar	Nominee - Non Executive	6	6+	Yes§	NIL	NIL	NIL
Mr. Dimitris Tsitsiragos	Nominee - Non Executive	6	1	No	NIL	NIL	NIL
Mr. Donald Peck	Independent Director	6	NIL	No	3	NIL	NIL
Mr. S. H. Khan	Independent Director	6	6	Yes	7	8	3
Mr. Shardul Shroff	Independent Director	6	4	No	5	1	NIL
Mr. Gautam Kaji	Independent Director	6	5	No	NIL*	NIL	NIL
Dr. Omkar Goswami	Independent Director	6	6	Yes	9	6	4

* Excluding Directorship in foreign companies, Private Limited Companies, companies under Section 25 of the Companies Act, 1956 and companies in which the directors hold office as Alternate Directors. | ** Ceased to be a Director w.e.f. November 7, 2010. | *** Appointed as an Additional Director in place of Mr. G. C. Chaturvedi w.e.f. November 8, 2010. | # Only Audit Committee and Shareholders' Grievance Committee. | + Four meetings were attended by Mr. Michael Fernandes, Alternate Director to Mr. Abdul Rahim Abu Bakar. | § Attended the Annual General Meeting through Mr. Michael Fernandes, Alternate Director to Mr. Abdul Rahim Abu Bakar.

the agenda papers well in advance of the Board meetings or is tabled in the course of the Board meeting.

- Annual operating plans and budgets and any update thereof
- Capital budgets and any updates thereof
- Quarterly results for the Company and operating divisions and business segments
- Minutes of the meetings of the Audit Committee and other Committees of the Board
- Minutes of the Board meetings of subsidiary companies
- Information on appointment or removal of Chief Financial Officer and Company Secretary. The Appointment of Chief Financial Officer is also considered at Audit Committee of the Company
- Materially important show cause, demand, prosecution notices and penalty notices
- Any material default in financial obligations to and by the Company, or substantial non-payment for services rendered by the Company
- Details of any joint venture or collaboration agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- Significant developments in human resources/employee relations front
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal

course of business

- Quarterly details of foreign exchange exposures and the steps taken by Management to limit the risks of adverse exchange rate movement, if material
- Non compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non compliances. In addition to the above, pursuant to the Clause 49, the minutes of the Board meetings of your Company's unlisted subsidiary companies and a statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies are also placed before the Board.

REMUNERATION PAID TO DIRECTORS

The Compensation Committee of the Company recommends to the Board the compensation payable to Whole-Time Directors and senior managerial personnel. The compensation of the Whole-Time Directors is also approved by the shareholders and separately disclosed in the financial statements.

Section 309 of the Companies Act, 1956 provides that a director who is neither in the whole-time employment of the Company nor a Managing Director may be paid remuneration by way of commission, if the Company, by special resolution, authorises such payment. Members of the Company at the 11th Annual General Meeting held on July 18, 2008, approved payment of remuneration by way of commission to non executive directors, at a sum not exceeding 1% of the net profits. IDFC would be paying a sum of ₹ 11,100,000/- as commission to its non executive directors for FY 11. The aggregate amount payable to non executive directors was arrived as per the following criteria:

1. Fixed remuneration ₹ 700,000/- per annum
2. Chairman of the Board ₹ 700,000/- per annum
3. Chairman of the Audit Committee ₹ 200,000/- per annum
4. Members of the Audit Committee ₹ 100,000/- per annum
5. Chairman of Other Committees ₹ 100,000/- per annum
6. Members of Other Committees ₹ 50,000/- per annum
7. Variable remuneration ₹ 300,000/- per annum

2 Details of remuneration paid to Directors for FY 11

(₹)

NAME OF THE DIRECTOR	SITTING FEES	SALARY AND PERQUISITES	CONTRIBUTION TO PROVIDENT AND OTHER FUNDS	PERFORMANCE LINKED INCENTIVE	COMMISSION & OTHERS	TOTAL
Mr. Deepak Parekh	800,000	-	-	-	2,000,000	2,800,000
Dr. Rajiv B. Lall*	-	41,030,414	1,341,562	20,213,581	-	62,585,557
Mr. Vikram Limaye**	-	55,354,367	1,219,800	11,261,820	-	67,835,987
Mr. Donald Peck	-	-	-	-	1,150,000	1,150,000
Mr. S. H. Khan	640,000	-	-	-	1,400,000	2,040,000
Mr. Shardul Shroff	240,000	-	-	-	1,075,000	1,315,000
Mr. Gautam Kaji	240,000	-	-	-	1,250,000	1,490,000
Dr. Omkar Goswami	460,000	-	-	-	1,275,000	1,735,000
Mr. S. S. Kohli	360,000	-	-	-	-	360,000
Mr. G. C. Chaturvedi***	-	-	-	-	-	-
Mr. Abdul Rahim Abu Bakar	-	-	-	-	1,000,000	1,000,000
Mr. Dimitris Tsitsiragos	-	-	-	-	-	-
Mr. Bimal Julka^	-	-	-	-	-	-

*Dr. Rajiv B. Lall has been granted 359,403 stock options under IDFC ESOP Scheme. |** Mr. Vikram Limaye has been granted 226,158 stock options under IDFC ESOP Scheme. The stock options granted to Dr. Lall and Mr. Limaye would vest in a graded manner over a period of 2 years from the date of grant of options and are exercisable over a period of 5 years from the date of vesting. |*** Ceased to be a Director w.e.f. November 7, 2010. |^ Appointed as an Additional Director in place of Mr. G. C. Chaturvedi w.e.f. November 8, 2010.

The variable remuneration is paid to the directors depending on their attendance at the Board meetings, either in person or through teleconference.

The non executive Directors are also paid sitting fees for attending the Board meetings as well as Committee meetings.

During FY 11, the Company did not advance loans to any of its Directors. None of the Directors is entitled to severance fee. The notice period for the Managing Director & CEO, Dr. Rajiv Lall and Whole-Time Director, Mr. Vikram Limaye, is 3 months. None of the employees of the Company are related to any of the Directors. The basis of criteria for the evaluation of performance is decided by the Compensation Committee, which is based on the Company's performance and individual's performance. Refer Table 2.

CODE OF CONDUCT

IDFC's Board of Directors has laid down a Code of Conduct for all Board members and designated senior management personnel of the Company. The Code of Conduct is available on the website of the Company: www.idfc.com. All Board members and designated senior management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Officer (CEO) to this effect is enclosed at the end of this Report.

RISK MANAGEMENT

IDFC follows well-established and detailed risk assessment and minimisation procedures. The Company especially focuses on improving sensitivity to assessment of risks and improving methods of computation of risk weights and capital charges. The risk assessment and mitigation procedures are reviewed by the Board periodically. The Company has a comprehensive risk management framework.

Additionally, IDFC has constituted a Board-level committee that monitors risk management of the Company. This committee named the Risk Committee, comprises of Mr. Gautam Kaji (Chairman), Mr. Shardul Shroff, Mr. S. H. Khan and Dr. Rajiv B. Lall. The quorum for any meeting of this committee is two. The Committee met four times during the year under review i.e. on April 26, 2010, August 4, 2010, November 08, 2010 and January 31, 2011. The Risk Committee reviews and monitors mainly three types of risks across the organisation – Credit Risk, Market Risk and Operational Risk. This is done under the overall framework of the Enterprise Risk Management System.

COMMITTEES OF THE BOARD

IDFC has constituted Board-level committees to delegate particular matters that require

greater and more focused attention in the affairs of the Company. These committees prepare the groundwork for decision making and report to the Board.

All decisions pertaining to the constitution of committees, appointment of members in the different committees and fixing of terms of service for committee members are taken by the Board of Directors. Details on the role and composition of these committees, including the number of meetings held during FY 11 and the related attendance, are provided below:

A. Audit Committee

As on March 31, 2011, the Audit Committee comprises of four members, all of whom are independent Directors. The Audit Committee met five times during the year under review; on April 26, 2010, August 4, 2010, September 01, 2010, November 08, 2010 and January 31, 2011. The time gap between any two meetings was less than four months. The details of the Audit Committee are given in Table 3.

The Chief Financial Officer and the representative of the statutory auditors and internal auditors are regularly invited by the Audit Committee to its meetings. Mr. Mahendra Shah, Company Secretary of IDFC, is the Secretary to the Committee.

All members of the Audit Committee have accounting and financial management

3 Attendance record of IDFC's Audit Committee

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. S. H. Khan	Independent Director	Chairman	5	5
Mr. Shardul Shroff	Independent Director	Member	5	4
Dr. Omkar Goswami	Independent Director	Member	5	5
Mr. Gautam Kaji	Independent Director	Member	5	4

expertise. Mr. S. H. Khan, Chairman of the Audit Committee, was present at the Company's previous Annual General Meeting (AGM) held on June 28, 2010 to answer shareholder queries.

The functions of the Audit Committee of the Company include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees
- Approving appointment of Chief Financial Officer
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors
- Reviewing, with the Management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956
 - changes, if any, in accounting policies and practices and reasons for the same
 - major accounting entries involving estimates based on the exercise of judgement by Management
 - significant adjustments made in the financial statements arising out of audit findings
 - compliance with listing and other legal requirements relating to financial statements
- disclosure of any related party transactions
- qualifications in the draft audit report.
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval
- Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- Discussion with internal auditor on any significant findings and follow up thereon
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee is empowered, pursuant to its terms of reference to:

- investigate any activity within its terms of reference and to seek any information it requires from any employee

- obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management Discussion & Analysis of financial condition and results of operations
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management
- Management letters/letters of internal control weaknesses issued by the statutory auditors
- Internal audit reports relating to internal control weaknesses
- The appointment, removal and terms of remuneration of the Internal Auditor
- Whenever applicable, the uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing, working capital, etc.), as part of the quarterly declaration of financial results.

If applicable, on an annual basis, statement certified by the statutory auditors, detailing the use of funds raised through public issues, rights issues, preferential issues for purposes other than those stated in the offer document/prospectus/notice.

In addition, the Audit Committee of the Company also reviews the financial statements, in particular, the investments made by the unlisted subsidiary companies.

The Audit Committee is also apprised on information with regard to related party transactions by being presented:

A statement in summary form of transactions with related parties in the ordinary course of business.

Details of material individual transactions with related parties which are not in the normal course of business.

Details of material individual transactions with related parties or others, which are not on an arm's length basis alongwith Management's justification for the same.

B. Compensation Committee

As of March 31, 2011, IDFC's Compensation Committee comprises of five Directors. The Compensation Committee met on February 14, 2011. Table 4 below gives the details.

The Compensation Committee of the Company recommends to the Board the compensation terms of Whole-Time Directors and senior managerial personnel. The minutes of the Compensation Committee are reviewed by the Board.

C. Nomination Committee

The Nomination Committee assists the Board in the appointment of new Board members, and other related matters like succession planning etc. No meeting of the Nomination Committee was held during the FY 11. The members of the Committee include, Mr. Deepak Parekh as Chairman and

Mr. Gautam Kaji, Mr. Donald Peck and Dr. Omkar Goswami as Independent Directors.

D. Investors' Grievance Committee

As of March 31, 2011, the Investors' Grievance Committee consists of three Directors, two of whom are Independent. The Committee met four times during the year under review; on April 26, 2010, August 04, 2010, November 08, 2010 and January 31, 2011. Table 5 gives the details.

Mr. Mahendra Shah, Company Secretary of the Company, is the Compliance Officer.

Details of queries and grievances received and attended by the Company during FY 11 are given in Tables 6A & 6B.

SUBSIDIARY COMPANIES

Clause 49 of the Listing Agreement defines a "material non-listed Indian subsidiary"

as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

Under this definition, the Company does not have a 'material non-listed Indian subsidiary'.

Shares and convertible instruments held by the non executive Directors

As on March 31, 2011, none of the non executive Directors held any shares or convertible instruments of the Company.

MANAGEMENT

MANAGEMENT DISCUSSION & ANALYSIS

The Annual Report has a detailed separate section on Management Discussion & Analysis.

DISCLOSURES

Transactions with related parties entered into by the Company in the normal course of business were placed before the Audit Committee. Details of related party transactions are included in the Notes to the Accounts.

DISCLOSURE OF ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS

The Company has complied with applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006, in preparation of its financial statements.

CONFIRMATION OF COMPLIANCE

IDFC has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the Company by stock exchanges or SEBI or any other statutory authority on any matter related to capital market during the last three years.

4 Attendance details of IDFC's Compensation Committee

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Dr. Omkar Goswami	Independent Director	Chairman	1	1
Mr. S. S. Kohli	Nominee Director	Member	1	1
Mr. S. H. Khan	Independent Director	Member	1	1
Mr. Shardul Shroff	Independent Director	Member	1	1
Mr. Donald Peck	Independent Director	Member	1	-

5 Attendance details of IDFC's Shareholders/Investors' Grievance Committee

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. S. H. Khan	Independent Director	Chairman	4	4
Dr. Omkar Goswami	Independent Director	Member	4	4
Dr. Rajiv B. Lall	Managing Director & CEO	Member	4	4

6A Nature of complaints received and attended to during FY 11 - for Equity Shares

NATURE OF COMPLAINT	PENDING AS ON APRIL 1, 2010	RECEIVED DURING THE YEAR	ANSWERED DURING THE YEAR	PENDING AS ON MARCH 31, 2011
1. Transfer/Transmission/Duplicate	NIL	1	1	NIL
2. Non-receipt of Dividend	NIL	118	118	NIL
3. Dematerialisation/Rematerialisation of shares	NIL	0	0	NIL
4. Complaints received from:				
- Securities & Exchange Board of India	NIL	5	5	NIL
- Stock Exchanges	NIL	2	2	NIL
- Registrar of Companies/ Ministry of Corporate Affairs	NIL	0	0	NIL
5. Legal	NIL	0	0	NIL
6. Non-receipt of Refund Order	NIL	14	14	NIL
7. Non-receipt of Electronic Credits	NIL	18	18	NIL
8. Non-receipt of Annual Reports	NIL	14	14	NIL

6B Nature of complaints received and attended to during FY 11 – for Infrastructure Bonds

NATURE OF COMPLAINT	PENDING AS ON APRIL 1, 2010	RECEIVED DURING THE YEAR	ANSWERED DURING THE YEAR	PENDING AS ON MARCH 31, 2011
1. Transfer/Transmission/Duplicate	NIL	0	0	NIL
2. Non-receipt of Interest on Bonds	NIL	0	0	NIL
3. Dematerialisation/Rematerialisation of Bonds	NIL	0	0	NIL
4. Complaints received from:				
a) Securities & Exchange Board of India	NIL	142	142	NIL
b) Stock Exchanges	NIL	0	0	NIL
c) Registrar of Companies/Department of Company Affairs	NIL	0	0	NIL
5. Legal	NIL	1	1	NIL
6. Non-receipt of Refund Order	NIL	1,761	1,761	NIL
7. Non-receipt of Electronic Credits	NIL	8,163	8,163	NIL
8. Non-receipt of Securities	NIL	11,194	11,194	NIL

7 Annual/Extra-Ordinary General Meetings

FINANCIAL YEAR	CATEGORY	LOCATION OF THE MEETING	DATE	TIME
2007-08	AGM	Rani Seethai Hall, 603, Anna Salai, Chennai	July 18, 2008	2.30 p.m.
2008-09	AGM	Tapovan Hall, Chetpet, Chennai	July 20, 2009	2.30 p.m.
2009-10	AGM	Tapovan Hall, Chetpet, Chennai	June 28, 2010	2.30 p.m.

CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

In compliance with the SEBI regulation on prevention of insider trading, the Company has instituted a comprehensive Code of Conduct for its Management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautioning them of the consequences of violations.

ANTI MONEY LAUNDERING AND KNOW YOUR CUSTOMER POLICY

In keeping with specific requirements for NBFCs, the Company has also formulated an Anti Money Laundering and Know Your Customer Policy.

CEO/CFO CERTIFICATION

The CEO and CFO certification of the financial statements for the year is enclosed at the end of this Report.

RE-APPOINTMENT/APPOINTMENT OF DIRECTORS

Out of the total strength of the number of Directors, eight Directors are liable to retire by rotation. Of the said eight Directors, at least one-third directors retire every year and if eligible, qualify for re-appointment. Dr. Omkar Goswami, Mr. Shardul Shroff and Mr. S. H. Khan are retiring by rotation and being eligible, offer themselves for re-appointment in the ensuing Annual General Meeting. Mr. Bimal Julka was appointed as an Additional Director w.e.f. November 08, 2010 and he will hold the office of Director till the date of the ensuing Annual General Meeting. The Company has received notice from a member of the Company under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Bimal Julka as a Director.

The brief resumes of the Directors getting appointed/re-appointed are given in the Explanatory Statement annexed to the Notice of the Annual General Meeting.

SHAREHOLDERS

MEANS OF COMMUNICATION WITH SHAREHOLDERS

As per the newly inserted Clause 54 of the Listing Agreement, the Company has maintained a functional website www.idfc.com containing basic information about the Company e.g. details of its business, financial information, shareholding pattern, compliance with Corporate Governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, etc. and the same are updated at any given point of time. The website also displays all official press releases and presentations to analysts made by the Company.

As per Clause 52 of the Listing Agreement, information about the financial results, shareholding pattern and other specified details are now electronically filed through the Corporate Filing and Dissemination System (CFDS). Investors can view this information by visiting the website www.corpfiling.co.in

The quarterly, half-yearly and annual results of the Company's performance are published in leading newspapers like the Makkal Kural and Business Standard.

GENERAL BODY MEETINGS

Table 7 gives the details of the last three General Meetings.

The following Special Resolutions were taken up in the last three AGMs, and were passed with requisite majority.

AGM held on July 18, 2008:

1. Appointment of Auditors
2. Payment of Commission to Non Executive Directors
3. Increase in limit for issuance of shares under ESOS from 2% to 5%
4. Alteration in the Articles of Association of the Company
5. Issue of Securities

AGM held on July 20, 2009:

1. Appointment of Auditors
2. Grant of Stock Options in excess of 1% in one year under Employee Stock Option Scheme of the Company

AGM held on June 28, 2010:

1. Appointment of Auditors
2. Raising of Capital

POSTAL BALLOT

During FY 09, the approval of the members was sought by voting through postal ballot vide Notice dated March 29, 2008 to amend the Main Object Clause of its Memorandum of Association by adding new activities as described in the Special Resolution.

The Company had appointed Ms. Savita Jyoti, Practicing Company Secretary, as Scrutiniser for conducting the postal ballot voting in a fair and transparent manner. The Scrutiniser had submitted her report to the Chairman after completion of scrutiny of Postal Ballot Forms received and the results of the postal ballot were announced at the Corporate Office of the Company at 5.00 p.m. on Tuesday, May 20, 2008. The result of the postal ballot was also 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.

During FY 11, approval of the members was sought by voting through postal ballot vide Notice dated July 7, 2010 to offer, issue and allot 84,000,000 Compulsorily Convertible Cumulative Preference Shares of ₹ 100/- each aggregating to ₹ 840 crore to identified investors on the terms and conditions determined by the Board of Directors of the Company and contained in the Explanatory Statement annexed to the said Notice.

The Company had appointed Mr. S. N. Bhandari, Practicing Company Secretary, as Scrutiniser for conducting the postal ballot voting in a fair and transparent manner. The Scrutiniser had submitted his report to the Chairman after completion of scrutiny of Postal Ballot Forms received and the results of the postal ballot were announced at the Corporate Office of the Company at 7.30 p.m. on Friday, August 6, 2010. The Special Resolution as set out in the Notice was approved by the members with an overwhelming majority of 99.90%. The result of the postal ballot was declared on August 6, 2010, and the same was displayed at the

8 Compliance Report

PARTICULARS	CLAUSE OF LISTING AGREEMENT	COMPLIANCE STATUS
I. Board of Directors	49I	Compliant
(A) Composition of Board	49(IA)	Compliant
(B) Non Executive Directors' Compensation & Disclosures	49(IB)	Compliant
(C) Other provisions as to Board and Committees	49(IC)	Compliant
(D) Code of Conduct	49(ID)	Compliant
II. Audit Committee	49(II)	Compliant
(A) Qualified & Independent Audit Committee	49(IIA)	Compliant
(B) Meeting of Audit Committee	49(IIB)	Compliant
(C) Powers of Audit Committee	49(IIC)	Compliant
(D) Role of Audit Committee	49(IID)	Compliant
(E) Review of Information by Audit Committee	49(IIE)	Compliant
III. Subsidiary Companies	49(III)	Compliant
IV. Disclosures	49(IV)	Compliant
(A) Basis of related party transactions	49(IV A)	Compliant
(B) Disclosure of Accounting Treatment	49(IV B)	Compliant
(C) Board Disclosures	49(IV C)	Compliant
(D) Proceeds from public, rights, preference issues etc.	49(IV D)	Compliant
(E) Remuneration of Directors	49(IV E)	Compliant
(F) Management	49(IV F)	Compliant
(G) Shareholders	49(IV G)	Compliant
V. CEO/CFO Certification	49(V)	Compliant
VI. Report on Corporate Governance	49(VI)	Compliant
VII. Compliance	49(VII)	Compliant

Registered Office and Corporate Office and website of the Company, besides being communicated to the Stock Exchanges where the securities of the Company are listed.

During FY 12, the Company may pass Special Resolution through Postal Ballot, as and when required, pursuant to the applicable rules pertaining to the same.

COMPLIANCE

MANDATORY REQUIREMENTS

The Company is fully compliant with the applicable mandatory requirements of the revised Clause 49 of the Listing Agreement. The Compliance Report is given in Table 8.

ADOPTION OF NON-MANDATORY REQUIREMENTS

Although it is not mandatory, the Board of the Company has constituted a Compensation Committee. Details of the Committee have been provided under the Section 'Compensation Committee'. The Company has also adopted a Whistle Blower Policy.

In addition, it is important to note that the Company's financial statements are free from any qualifications by the Auditors of the Company.

The Board of Directors of the Company, at its meeting held on April 27, 2010 noted the guidelines issued by the Ministry of Corporate Affairs (MCA) on Corporate Governance to be voluntarily adopted by the listed public companies in addition to the mandatory requirements prescribed under Clause 49 of the Listing Agreement relating to Corporate Governance. Whilst the Company is in compliance with the mandatory provisions of the said Clause, the Board felt that the Company could adopt the relevant non-mandatory provisions of the said guidelines at an appropriate time. ■