



December 19, 2013

Manager – Listing Department
National Stock Exchange of India Limited
Bandra Kurla Complex
Bandra (E)
Mumbai-400051

Manager – Listing Department
Bombay Stock Exchange Ltd
1st Floor, P.J. Towers,
Dalal Street
Mumbai - 400 001

Dear Sirs,

**Subject: Passing of Special Resolution by the members of IDFC Limited
("the Company") by Postal Ballot**

Background:

The Reserve Bank of India ("RBI") announced guidelines dated February 22, 2013 ("the said Guidelines"), on 'Licensing of New Banks in Private Sector'.

In accordance with the said Guidelines, the Company filed an application seeking banking license from the RBI on July 1, 2013.

At the time of making application to the RBI for banking license, the then applicable ceiling limit on the shareholding of Foreign Institutional Investors (FIIs)/ SEBI approved sub-accounts of FIIs, Foreign Direct Investment (FDI), Foreign Nationals, Non-resident Indians (NRIs) and Overseas Corporate Bodies (OCBs) [collectively referred to as the "Foreign Shareholding"] was 74% and the actual Foreign Shareholding was around 53.17%.

The said Guidelines, *inter alia* provided that the promoters eligible to promote a bank should be 'owned and controlled by residents'. In light of these provisions, the Company had, in its application to the RBI, undertaken to limit the ceiling of the Foreign Shareholding to below 50% if IDFC were to get a banking licence. Accordingly, the Company obtained the approval of its shareholders at the Annual General Meeting of the Company held on July 29, 2013 for restricting the Foreign Shareholding to 54% (given that the then actual Foreign Shareholding was 53.17 %) and thereafter the said limit of 54% was made effective.

However, since the said Guidelines require the eligible promoters of a bank to be 'owned and controlled by residents', it is necessary for the Company to bring down the Foreign Shareholding to less than 50%, should the Company be granted Bank License.



Board Resolution:

Towards the same, the Board of Directors today passed a Circular Resolution approving Postal Ballot process for seeking an enabling resolution from the shareholders to authorize the Board of Directors to keep reducing ceiling limit of the Foreign Shareholding from existing 54% to 49.9% in various stages as and when the actual Foreign Shareholding goes down. Foreign Shareholding as on December 6, 2013 was 51.27%.

Please note that in case the Company does not receive the banking license from RBI, the Company will take steps to reinstate the ceiling on the Foreign Shareholding back up to 74%, subject to complying with the then prevailing regulations.

The Board also approved the following:-

- (a) seek approval of the Members through a postal ballot process with an e-voting facility through Karvy Computershare Private Limited e-voting system;
- (b) appoint Ms. Savita Jyoti, Practicing Company Secretary as Scrutinizer;
- (c) appoint Mr. Vikram Limaye, Managing Director & CEO and Mr. Mahendra N. Shah, Company Secretary, as Designated Persons responsible for the entire postal ballot process;
- (d) calendar of events.

Request you to kindly take the above information on your records.

Thanking you,

Yours faithfully,
For **IDFC Limited**



Mahendra N Shah
Company Secretary

