

Hinduja Ventures Limited

Reg. Office: - 49/50, In Centre, M.I.D.C., 12th Road, Andheri (East), Mumbai- 400093.

Notice of Postal Ballot

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

Special Business:

1. Corporate Guarantee

IndusInd Media & Communications Limited ('IMCL'), the media subsidiary of the Company proposes to raise capital by way of loans or convertible instruments. IMCL on its own will not be able to raise desired capital, specially the convertible loans/instruments. The convertible loans, until conversion to equity have debt characteristics. The investors/lenders need additional assurance. Accordingly, IMCL has solicited support of the Company in its proposal of capital raising. The Capital may be raised from Banks, NBFC, Financial Institutions etc.

The Company is therefore seeking Members' approval as required under the provisions of Section 372A of the Companies Act, 1956, to provide corporate guarantee to the lenders/ investors in IMCL as per the Special Resolution in this Notice. An Explanatory Statement setting out material facts and reasons for such Resolution is annexed.

Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 makes it mandatory that Members' approval be obtained by means of a Postal Ballot.

In view of the above, the Company seeks Members' approval to the following resolution.

Special Resolution

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval / consent of such regulatory authorities as may be required, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall include any committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this resolution) to provide Guarantee to Lenders/Investors to IndusInd Media & Communications Limited ("IMCL") for providing loans with or without the option to convert into Equity Shares and with or without warrants, attached to the loans exercisable for subscribing to the equity shares of IMCL and such other terms and conditions as may be agreed by IMCL and Hinduja Ventures Limited in relation to the said loans.

RESOLVED FURTHER THAT the Company be and is hereby authorised to issue the guarantee as foresaid for a limit not exceeding Rs. 800 crores (Rupees Eight Hundred crores only) per year.

RESOLVED FURTHER THAT the aforesaid authority to issue the guarantee shall not affect powers of the Board vested in it under Section 372A(1) of the Companies Act, 1956 and shall be in addition to such power.

RESOLVED FURTHER THAT the Board be and is hereby authorized to negotiate and finalise the terms and conditions of the said loans/ investments and provision of guarantee on behalf of the Company as it deems fit in the interest of the Company and to take all such actions and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required to be signed, on behalf of the Company, in connection with such investments, loans, guarantees and to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this resolution."

Postal Ballot

Accordingly, the said Special Resolution and the Explanatory Statement is being sent to you alongwith the Postal Ballot Form for your consideration and approval. You are requested to carefully read the instructions printed on the Postal Ballot and return the same duly completed, in the attached self addressed postage pre-paid envelope, so as to reach the Scrutinizer on or before the close of normal working hours on 19th March, 2011. Your assent / dissent received at the address of the Scrutinizer after 19th March, 2011 would be strictly treated as if a reply from you has not been received, which is in accordance with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 as aforesaid.

The Company has appointed Mr. Ashish Bhatt, Company Secretary in Practice as Scrutinizer for conducting the Postal Ballot voting in a fair and transparent manner. The Scrutinizer will scrutinize and submit his report to the Chairman and the result of the Postal Ballot will be announced by the Chairman or any Director authorised by him on 26th March, 2011.

By Order of the Board of Directors

Sd/-

Dilip Panjwani

V. P. - Finance & Company Secretary

Place:- Mumbai

Date :- 27th January 2011

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No.1

Inter Corporate investments, loans and guarantees

The Company's media subsidiary IndusInd Media & Communications Limited ("IMCL") has plans to raise Capital to the extent of US\$100 mn or Rs. 450 Crores (Rupees Four Hundred Fifty Crores only) approximately by way of loan which may be partly or fully convertible or equity issuances to consolidate the cable market space by acquiring small and medium cable operators, so that IMCL can operate with economies of scale required in this sector. The current market landscape is hugely fragmented, as there are approximately 50,000 – 60,000 local cable operators and 5,000 – 10,000 multi service operators. The technology in content distribution is also moving in India towards Digital and High Definition which all again require huge outlays of capital. As a part of business strategy, IMCL is considering raising loans from different sources of about Rs. 450 Crores (Rupees Four Hundred Fifty Crores only) which may be converted into equity shares later.

Section 372A of the Companies Act, 1956 vest in the board the power to:

- a) make any loan to any other body corporate,
- b) give any guarantee, or provide security, in connection with a loan made by any other person to, or to any other person by, any body corporate, and
- c) acquire, by way of subscription, purchase or otherwise the securities of any other body corporate, not exceeding sixty percent of a Company's paid-up capital and free reserves or hundred percent of its free reserves, whichever is more, and such power to make any loans or investment in excess of the power requires previous authorization by a special resolution of the shareholders passed in a general meeting.

Accordingly, it is proposed to obtain from the shareholders authority to issue guarantee as mentioned in the resolution in addition to the powers vested in the board under Section 372A(1) of the said Act.

Any convertible loan until converted would have debt characteristics and the amount being high as compared to net worth of IMCL, the investors would find comfort only if the Company provides guarantee or any other acceptable assurance mechanism. Providing guarantee to IMCL would be in the interest of the Company, as growth at IMCL level would improve the value of HVL's holding in IMCL.

IMCL was promoted by HVL in 1995. From an initial turnover of Rs.18 Crore in 1996-97. IMCL has grown into a prominent service provider with a turnover of Rs.328 Crores on consolidated basis in 2010. IMCL, after initial difficult years, has turned corner and with introduction of set top boxes has been able to get a reasonable market share of the services provided by it. The media industry is transforming from analogue technology to technology of Digital and High Definition. In order to adopt the new technology as also to concentrate operations in the market, IMCL needs funds which it is trying to acquire from Banks/NBFC/Lenders/Investors/Financial Institutions.

IMCL is a closely held Company with the Company holding 59.85% equity shares directly and 6.13% indirectly therein. The media industry and IMCL have potential to grow further and it is in the interest of the Company to provide guarantee to IMCL as it would ultimately increase the value of the Company's investment in the shares of IMCL. Accordingly, it is proposed to place the necessary resolution for the shareholders for its consideration.

In view of the requirements of Section 192A of the Companies Act, 1956, the proposed resolution is being placed for your approval through Postal Ballot.

None of the Directors or Manager of the Company is interested or concerned in the above resolution. Directors may be deemed to be interested or concerned to the extent of shares held by them [or any firm or Company in which they may be respectively partner(s) or shareholder(s) and/or director(s)] in the Company like any other shareholder.

Your Directors consider the said resolution to be in the interest of the Company and therefore commend the same for your approval.

By Order of the Board of Directors
Sd/-

Dilip Panjwani
V. P. - Finance & Company Secretary

Place:- Mumbai

Date :- 27th January 2011

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