L&T Finance Holdings

Notice of Postal Ballot

To the Members of L&T Finance Holdings Limited,

Notice is hereby given that pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, the following Resolutions, in respect of the Special Business more specifically provided in the appended resolutions, are proposed to be passed by Postal Ballot:-

Resolution for authorizing :

1. Alteration of the Memorandum of Association of the Company;
2. Issue of Preference Shares;
3. Revision in the terms of appointment of the Chairman & Managing Director of the Company; and
4. Revision in the terms of appointment of the President & Whole-time Director of the Company.

SPECIAL BUSINESS:

Item No. 1 – Alteration of the Memorandum of Association of the Company

To consider and, if deemed fit, to pass through Postal Ballot, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in accordance with the provisions of Sections 16 and 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force), the existing Authorised Share Capital of ₹ 5000,00,00,000/- (Rupees Five Thousand Crore only) divided into 500,00,00,000 (Five Hundred Crore) Equity Shares of ₹ 10/- (Rupees Ten only) each be increased to ₹ 6000,00,00,000/- (Rupees Six Thousand Crore only) divided into 500,00,00,000 (Five Hundred Crore) Equity Shares of ₹ 10/- (Rupees Ten only) each and 10,00,00,000 (Ten Crore) Preference Shares of ₹ 100/-(Rupees One Hundred only) each and existing Clause V.A. of the Memorandum of Association of the Company be substituted with new Clause V.A. as under:-

> "V.A. The Authorized Share Capital of the Company is ₹ 6000,00,00,000/- (Rupees Six Thousand Crore only) divided into 500,00,00,000 (Five Hundred Crore) Equity Shares of ₹ 10/- (Rupees Ten only) each and 10,00,00,000 (Ten Crore) Preference Shares of ₹ 100/- (Rupees One Hundred only) each."

Item No. 2 – Issue of Preference Shares

To consider and, if deemed fit, to pass through Postal Ballot, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Article 64 of the Articles of Association and Section 80 and Section 81 (1A) and other applicable provisions, if any, of the Companies Act,1956 (including any statutory modifications or re-enactments thereof for the time being in force), and such approvals as may be required from such authorities from time to time, consent of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as the Board and shall include duly constituted committee(s) thereof) to issue Cumulative Redeemable Preference Shares of ₹ 100/- each for cash at par or at a premium (hereinafter referred to as Preference Shares) aggregating to ₹ 1000 Crore at such time or times in one or more tranches on such terms and conditions as may be decided by the Board and subject to the following rights:

- The Preference Shares shall carry a fixed cumulative preferential dividend to be determined by the Board of Directors / a Committee of Directors at the time of issue of the Preference Shares, on the capital for the time being paid-up thereon respectively and shall be redeemable not later than the date determined by the Board of Directors / a Committee of Directors at the time of issue of the instruments.
- The said shares rank for dividend in priority to the equity shares for the time being of the Company.
- The said shares shall in winding up entitled to rank, as regards repayment of capital and arrears of dividend, whether declared or not, up to the commencement of the winding up, in priority to the equity shares but shall not be entitled to any further participation in profits or assets.
- The voting rights of the persons holding the said shares shall be in accordance with the provisions of Section 87 of the Companies Act, 1956.
- The Company shall not create and / or issue in future Preference Shares ranking in priority to the said shares and in the event of the Company creating and / or issuing Preference Shares in future ranking *pari passu* with the said shares, it would do so only with the consent in writing of the holders of not less than three-fourths of the said shares then outstanding or with the sanction of the special resolution passed at a separate meeting of the holders of the said shares then outstanding.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make arrangements with any financial institution / bank or any other body or person to underwrite the whole or any part of the issue of the said preference shares subject to the provisions of Section 76 of the Companies Act, 1956.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all acts, matters, deeds and things and to take all steps and to do all things and give such directions as may be necessary, expedient or desirable and also to settle any question of doubt or difficulties that may arise in such manner and in its absolute discretion as it may deem fit and proper."

Item No. 3 – Revision in the terms of appointment of the Chairman & Managing Director of the Company

To consider and if deemed fit, to pass through Postal Ballot, the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force), and subject to such approvals, consents, permissions and sanctions of appropriate and/or concerned authorities, and subject to such other conditions and modifications, as may be prescribed, imposed or suggested by any of appropriate and/or concerned authorities while granting such approvals, consents, permissions and sanctions, and as are agreed to by the Board of Directors (including any Committee of the Board), consent

of the Company be and is hereby accorded to the revision in the terms of appointment of Mr. Y. M. Deosthalee, Chairman & Managing Director of the Company as explained in the Explanatory Statement, with effect from December 1, 2012.

RESOLVED FURTHER THAT the Board or a Committee thereof be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

Item No. 4 – Revision in the terms of appointment of the President & Whole-time Director of the Company

To consider and if deemed fit, to pass through Postal Ballot, the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force), and subject to such approvals, consents, permissions and sanctions of appropriate and/or concerned authorities, and subject to such other conditions and modifications, as may be prescribed, imposed or suggested by any of the appropriate and/or concerned authorities while granting such approvals, consents, permissions and sanctions, and as are agreed to by the Board of Directors (including any Committee of the Board), consent of the Company be and is hereby accorded to the revision in the terms of appointment of Mr. N. Sivaraman, President & Whole-time Director of the Company as explained in the Explanatory Statement, with effect from December 1, 2012.

RESOLVED FURTHER THAT the Board or a Committee thereof be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

By order of the Board of Directors
For L&T Finance Holdings Limited

Sd/-
N. Suryanarayanan
Company Secretary

Place : Mumbai
Date : January 31, 2013

Regd. Office : L & T House, Ballard Estate, Mumbai - 400 001

NOTES:

1) The Board of Directors has appointed Mr. S. N. Ananthasubramanian, Practising Company Secretary or failing him Ms. Binu Singh, Practising Company Secretary as the Scrutinizer for conducting the Postal Ballot in a fair and transparent manner.

2) Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed to this Notice. A Postal Ballot Form is also enclosed.

The Notice is being sent to all the Members whose names appear in the Register of Members / Beneficiary Position maintained by the Depositories as on January 25, 2013. Voting rights shall be reckoned on the paid up value of the shares registered in the names of the Members as on January 25, 2013.

INSTRUCTIONS FOR VOTING

Voting through Physical Postal Ballot Form

1) The Members are requested to carefully read the instructions printed in the Postal Ballot Form and return the Postal Ballot Form duly completed with the assent (for) or dissent (against), in the enclosed postage pre-paid self-addressed envelope, so as to reach the Scrutinizer, before the closing of working hours on March 11, 2013, to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the Member.

2) The Members are requested to exercise their voting rights by using the attached Postal Ballot Form only. No other form or photocopy of the form is permitted.

Envelopes containing Postal Ballot Form if deposited in person or sent by courier at the expense of the Members will also be accepted.

E-Voting Facility

The Company is pleased to offer ***e-voting facility*** as an alternative to its Members, to enable them to cast their vote electronically instead of dispatching Postal Ballot. The procedure for the same is as under:

- ✓ Open your web browser during the voting period & log on to the e-voting website www.evotingindia.com.
- ✓ Click on the "Shareholders" tab to cast your votes.
- ✓ Select the "Electronic Voting Sequence Number (EVSN)" alongwith "L&T Finance Holdings Limited" from the drop down menu & click on "SUBMIT."
- ✓ Fill up the following details in the appropriate boxes:

User-ID	For the Members holding shares in Demat form:- a) For NSDL :– 8 characters DP ID followed by 8 digits Client ID b) For CDSL :– 16 digits beneficiary ID For the Members holding shares in Physical form:- • Folio Number registered with the Company
Password	Your Unique password is printed on the Postal Ballot Form
PAN*	Enter your 10 digit alpha-numeric PAN issued by the Income Tax Department *In case of shares held in Physical Form enter the Default Number as provided by the Registrars

- ✓ After entering these details appropriately, click on "SUBMIT".
- ✓ The Members holding shares in physical form will then reach directly to the voting screen. However, the Members holding shares in demat form will now be required to mandatorily change their password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The Members can enter their demographic details i.e., Mobile number and email-id. Email id may be used in case the Member forgets the password and the same needs to be reset. Kindly note that the changed password can be used by the demat shareholders for voting for resolution of any other company in which they are eligible to vote, provided that company opts for e-voting through CDSL e-Voting platform. However, for the shareholders holding shares in physical form, the password and default number can only

be used for e-voting on the resolution contained in this Postal Ballot Notice.

- ✓ If you are holding shares in Demat form and had logged on to www.evotingindia.com and cast your vote earlier for EVSN of any company, then your existing login id and password are to be used.
- ✓ On the voting page, you will see Resolution Description & option for voting Yes/No against Resolution Description. The option 'Yes' implies that you assent to the Resolution & 'No' implies that you dissent to the Resolution.
- ✓ Click on the "Resolution File Link" if you wish to view the entire resolution file.
- ✓ Enter the number of shares (which represents number of votes) under YES/NO, but not exceeding your total holding.
- ✓ After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" & accordingly modify your vote.
- ✓ Once you have confirmed your vote on the Resolution, you will not be allowed to modify your vote.
- ✓ Institutional Members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at scrutinizer@snaco.net with a copy marked to helpdesk.evoting@cdslindia.com.
- ✓ Kindly note that the Members can opt only one mode of voting i.e. either by Physical Ballot or e-voting. If you are opting for e-voting, then do not vote by Physical Ballot also & vice-versa. However, in case the Member(s) cast their vote both via Physical voting & e-voting, then voting validly done through e-voting shall prevail and voting done by Physical Ballot shall be treated as invalid.
- ✓ E-voting needs to be exercised before the close of working hours on March 11, 2013 for the vote exercised to be treated as valid.
- ✓ If you wish to provide feedback on the e-voting system or you have any queries or issues regarding e-voting, please contact helpdesk.evoting@cdslindia.com.

General

1) The Scrutinizer will submit the report to the Chairman after completion of the scrutiny and the results of the Postal Ballot will be announced on or before March 15, 2013, at the Registered Office of the Company. The results of the Postal Ballot will be hosted on the Company's website at www.ltfinanceholdings.com for information of the Members, besides being communicated to the stock exchanges on which the shares of the Company are listed. The date of declaration of the Postal Ballot results will be taken as the date of passing the Resolutions.
2) The Scrutinizer's decision on the validity of the Postal Ballot shall be final.

ANNEXURE TO THE NOTICE

(Explanatory Statement under Section 173(2) of the Companies Act, 1956)

ITEM NO. 1

The Company is proposing to issue Preference Shares subject to the approval of the Members as contained in Item No. 2 of this Notice. As the present Capital Clause of the Memorandum of Association does not permit the Company to issue Preference Shares, it is proposed to amend the Capital Clause.

The Board recommends the Ordinary Resolution set forth in Item No. 1 of the Notice for approval of the Members. None of the Directors of the Company is interested or concerned in the Resolution.

ITEM NO. 2

With the steady growth in their operations, the subsidiaries of the Company need infusion of additional Tier I/Tier II (Equity, Perpetual Debt, Subordinate Debt) capital from time to time. The Company has also used acquisitions as a route to launch new product lines and to consolidate its positions in existing businesses. In addition, the Company would like to maintain a certain level of liquidity to meet any emergent needs.

The Company does resort to raising certain levels of debt. In order to optimize the capital structure and retain some flexibility, it is proposed to issue Redeemable Preference Shares.

It is believed issue of Preference Shares will help optimize the capital structure of the Company and improve the returns for the equity shareholders.

The Members are requested to authorize the Board (including any Committee of the Board) to issue and allot Preference Shares upto ₹1,000 Crore in one or more tranches.

The Board recommends the Special Resolution set forth in Item No. 2 of the Notice for approval of the Members. None of the Directors of the Company is interested or concerned in the Resolution.

ITEM NO. 3

The Members had approved the appointment of Mr. Y. M. Deosthalee as the Chairman & Managing Director (CMD) of the Company vide Postal Ballot on June 14, 2012 for a period of five years with effect from September 6, 2011.

The Basic Salary component forming part of the terms of remuneration had not made provision for an annual increment. Further, the terms of remuneration had not made provision for House Rent Allowance in the event of the CMD moving from Company provided accommodation to his own accommodation. The Board of Directors of the Company, had, therefore, vide its Resolutions dated December 14, 2012, amended the terms of remuneration, subject to the approval of the Members and other necessary approvals.

The revised terms and conditions of appointment of Mr. Y. M. Deosthalee as the Chairman & Managing Director are as specified in the Amendment Agreement entered into with him and the following are the details of remuneration with effect from December 1, 2012:

(a) Basic Salary:

₹ 12,25,000/-(Rupees Twelve Lakh Twenty Five Thousand Only) per month in the scale of ₹ 11,25,000 – 1,00,000 – 18,25,000 with the annual increment due on October 1 every year.

(b) Variable Remuneration:

Up to ₹ 5,80,00,000/- (Rupees Five Crore Eighty Lakh Only) per annum, based on guidelines formulated / to be formulated by the Nomination & Remuneration Committee and approved by the Board.

(c) House Rent Allowance:

₹ 1,00,000/- (Rupees One Lakh Only) per month where free, furnished accommodation is not availed.

(d) Perquisites :

(i) The Chairman & Managing Director shall be entitled to perquisites consisting of, *inter alia*, gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, club fees, medical and personal accident insurance, benefits applicable to other employees, etc., in accordance with the rules of the Company.

(ii) The aforesaid perquisites may be in the form of reimbursement or allowance but will be restricted to ₹ 18,00,000/-(Rupees Eighteen Lakh Only) per annum excluding perquisite value of free, furnished accommodation, if availed.

(iii) For the purpose of calculating the above ceiling, the perquisites shall be evaluated as per the Income-Tax Rules, 1962, wherever applicable.

(iv) The Chairman & Managing Director shall be entitled to Company's contribution to Provident Fund, benefits of Gratuity, earned leave and encashment of earned leave at the end of the tenure. These shall not be included in the computation of perquisites.

(v) Company car with driver (owned/leased or hired) for use on Company's business, telephone and other communication facilities at residence, will not be considered as perquisites.

(e) In the event of loss or inadequacy of profits in any financial year, the Chairman & Managing Director shall be paid remuneration by way of salary, HRA and perquisites as specified above.

The Board recommends the Ordinary Resolution set forth in Item No. 3 of the Notice for approval of the Members.

This may be treated as an abstract of the terms and conditions governing the variation in the payment of remuneration to Mr. Y. M. Deosthalee pursuant to Section 302 of the Companies Act, 1956. The Agreement entered into between the Company and Mr. Y.M. Deosthalee is available for inspection by the Members at the Registered Office of the Company on all working days except Saturdays and Sundays between 11.00 AM and 1.00 PM upto March 11, 2013.

None of the Directors of the Company other than Mr. Y. M. Deosthalee is interested or concerned in the Resolution.

ITEM NO. 4

The Members had approved the revision in the terms of appointment of Mr. N. Sivaraman, President & Whole-time Director of the Company vide Postal Ballot on June 14, 2012.

The Basic Salary component forming part of the terms of remuneration had not made provision for an annual increment. The Board of Directors of the Company, had, therefore, vide its Resolutions dated December 14, 2012, amended the terms of remuneration, subject to the approval of the Members and other necessary approvals.

The revised terms and conditions of appointment of Mr. N. Sivaraman as the President & Whole-time Director are as specified in the Amendment Agreement entered into with him and following are the details of remuneration with effect from December 1, 2012.

(a) Basic Salary :

₹ 7,75,000/- (Rupees Seven Lakh Seventy Five Thousand Only) per month in the scale ₹ 7,00,000 – 75,000 – 12,25,000 with the annual increment due on October 1 every year.

(b) Variable Remuneration :

In the range of up to ₹ 4,32,00,000 – 5,00,00,000 per annum, based on guidelines formulated / to be formulated by the Nomination & Remuneration Committee and approved by the Board.

(c) House Rent Allowance :

₹ 75,000 (Rupees Seventy Five Thousand Only) per month where free, furnished accommodation is not availed.

(d) Perquisites :

(i) The President & Whole-time Director shall be entitled to perquisites in the form of reimbursement or allowance but will be restricted to ₹ 7,50,000/- (Rupees Seven Lakh Fifty Thousand Only) per annum excluding perquisite value of free, furnished accommodation, if availed.

(ii) The President & Whole-time Director shall be entitled to Company's contribution to Provident Fund, Superannuation Fund, benefits of Gratuity and Pension Scheme for Senior Management Staff, earned leave and encashment of earned leave at the end of the tenure and long service awards, as per the rules of the Company. These shall not be included in the computation of perquisites.

(iii) Company car with driver (owned/leased or hired) for use on Company's business, telephone and other communication facilities at residence, reimbursement of medical expenses for self and family including children upto 21 years of age as per the rules of the Company and membership of one club at Mumbai shall also not be considered as perquisites for the purpose of computing the aforesaid limit.

(iv) For the purpose of calculating the above ceiling, the perquisites shall be evaluated as per the Income-Tax Rules, 1962, wherever applicable.

(v) The above perquisites will exclude value of Stock Option benefits computed as per the Income Tax Act/ Rules, tax on which will be borne by the Company.

(e) In the event of loss or inadequacy of profits in any financial year, the President & Whole-time Director shall be paid remuneration by way of salary, HRA and perquisites as specified above.

The Board recommends the Ordinary Resolution set forth in Item No. 4 of the Notice for approval of the Members.

This may be treated as an abstract of the terms and conditions governing the variation in the payment of remuneration to Mr. N. Sivaraman pursuant to Section 302 of the Companies Act, 1956. The Agreement entered into between the Company and Mr. N. Sivaraman is available for inspection by the Members at the Registered Office of the Company on all working days except Saturdays and Sundays between 11.00 AM and 1.00 PM upto March 11, 2013.

None of the Directors of the Company other than Mr. N. Sivaraman is interested or concerned in the Resolution.

By order of the Board of Directors
For L&T Finance Holdings Limited

Sd/-
N. Suryanarayanan
Company Secretary

Place : Mumbai
Date : January 31, 2013

Regd. Office : L & T House, Ballard Estate, Mumbai - 400 001