



SAKTHI FINANCE

AN EDIFICE BUILT ON TRUST

SAKTHI FINANCE LIMITED

Regd. Off.: 62, Dr. Nanjappa Road, Coimbatore - 641 018

Certified True Copy

Sakthi Finance Limited


S. Venkatesh
Company Secretary

NOTICE TO MEMBERS

NOTICE is hereby given that an Extra-ordinary General Meeting of the members of the Company will be held on Monday, 19th March 2012 at 10.00 a.m at Geedee Auditorium, President Hall, 734, Avanashi Road, Coimbatore - 641 018 to transact the following business.

You are requested to make it convenient to attend the meeting.

1. To consider and if thought fit, to pass with or without modification(s), the following Resolutions as **Special Resolutions**:

RESOLVED THAT in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act 1956 (including any amendments or any statutory modification(s) or re-enactment for the time being in force), Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations 2009 (**SEBI (ICDR) Regulations**) as in force, the relevant provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into with Stock Exchanges where the securities of the company are listed and subject to such terms and conditions, alterations, changes / modifications, if any, as may be required and agreed to by the Board of Directors of the Company (**the Board**, which term shall be deemed to include any Committee which the Board may have constituted or may constitute to exercise its powers including the powers conferred on the Board by this resolution), the consent and approval of the members of the company be and is hereby accorded to the Board to offer, issue and allot up to 1,98,93,019 Equity Shares (**Further Shares**) of Rs.10 each fully paid up at a premium of Rs. 1.10 on Preferential allotment basis for an aggregate consideration of Rs. 22,08,12,510.90 (Rupees twenty two crores eight lakhs twelve thousand five hundred and ten and ninety paise only) to the following promoter group companies and to a non-promoter company, on such terms and conditions and in such manner as the Board may think fit.

Sl No	Name of the proposed Allottees	No.of Equity shares to be allotted
A	Promoter Group	
1	Sakthifinance Financial Services Limited	47,18,225
2	Sakthi Financial Services (Cochin) Private Limited	15,49,910
3	The Gounder and Company Auto Limited	30,51,676
4	ABT Values Limited	24,74,500
5	ABT Foundation Limited	24,74,500
B	Non-Promoter	
1	Avdhoot Finance & Investment Private Limited	56,24,208
	Total	1,98,93,019

RESOLVED FURTHER THAT the "Relevant Date" as per SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 for the determination of minimum applicable price for issue of Further Shares on Preferential basis shall be 30 days prior to the date of Extra-Ordinary General Meeting i.e. 18th February 2012.

RESOLVED FURTHER THAT the Further Shares to be issued and allotted on preferential basis shall be subject to the relevant provisions contained in the Memorandum and Articles of Association of the Company and shall rank *pari passu* in all respects with the existing fully paid-up equity shares of the company, including payment of dividend, if any, declared for the financial year in which allotment has been made and be listed in Stock Exchanges where the existing securities are listed.

RESOLVED FURTHER THAT the Further Shares to be allotted on preferential basis shall be subject to lock-in requirements as per the provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009.

RESOLVED FURTHER THAT the Board be and is hereby authorized to decide and approve other terms and conditions of the issue of Further Shares and shall also be entitled to vary, modify or alter any of the terms and conditions as it may deem expedient, without being required to seek any further consent or approval of the members of the company, however, subject to compliance with the provisions of all applicable laws, guidelines, notifications, rules and regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred by this resolution to any Director(s) or Committee of Directors or any Officer(s) of the Company, as it may consider appropriate to give effect to the resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and to execute all such agreements, deeds, documents, instruments and writing as it may in its sole and absolute discretion deem necessary or expedient including to settle any queries, difficulties or doubts that may arise in this regard.

2. To consider and if thought fit, to pass with or without modification(s), the following Resolutions as **Special Resolutions**:

RESOLVED THAT pursuant to Section 80, 81(1A) and all other applicable provisions, if any, of the Companies Act 1956, the approval of the Company be and is hereby accorded to the Board of Directors to issue and allot 20,00,000 10% Redeemable Cumulative Preference Shares of Rs.100 each for an aggregate amount of Rs.20 Crores on private placement basis to person(s) identified by the company in their absolute discretion whether or not such person(s) are shareholders of the company on such terms and conditions of redemption as the Board of Directors may in their absolute discretion determine, subject to such guidelines, approval or sanctions, if any, in this regard.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized on behalf of the Company to do all such acts, deeds and matters and things as it may at its discretion deem necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard as it may in its absolute discretion deem fit and proper to give effect to the resolution.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to delegate all or any of the powers conferred by this resolution to any Director(s) or Committee of Directors or any Officer(s) of the Company, as it may consider appropriate to give effect to the resolution.

Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE EXTRA-ORDINARY GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORMS, IN ORDER TO BE EFFECTIVE SHOULD BE DEPOSITED WITH THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relative Explanatory Statement as required under Section 173(2) of the Companies Act 1956 setting out the material facts in respect of Item Nos. 1 and 2 is annexed.

3. All documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m. up to the date of general meeting.
4. The Auditor's Certificate certifying that the issue of equity shares on preferential basis is being made in accordance with SEBI (ICDR) Regulations 2009 will be available for inspection at the Registered Office of the Company between 11.00 a.m and 1.00 p.m on all working days upto the date of Extra-ordinary General Meeting i.e. 19th March 2012 and at the meeting.
5. **Dematerialisation of physical shares :** As a valued shareholder of the company, we suggest you to dematerialize your physical share holdings in the company as early as possible to enable you to get the benefits of (1) Elimination of bad deliveries (2) Elimination of all risks associated with the physical certificates (3) No stamp duty on transfers (4) Immediate transfer / trading in securities (5) Elimination of problems on account of transmission of shares (6) Faster settlement cycle (7) Faster disbursement on non-cash corporate benefits like rights, bonus etc. (8) Easy address change of the investor (9) Ease in pledge of shares (10) Ease in portfolio monitoring.

In case of any assistance for dematerialization of shares, please feel free to contact at the above address on phone numbers (0422) 4236200 and (0422) 4236207 or e-mail svenkatesh@sakthifinance.com.

By Order of the Board
For Sakthi Finance Limited

S.Venkatesh
Company Secretary

13th February 2012
Coimbatore

EXPLANATORY STATEMENT AS PER SECTION 173(2) OF THE COMPANIES ACT 1956
Item No.1

Reserve Bank of India by it's Circular No.RBI/2010-11/408 DNBS.PD/CC.No.211/03.02.002/2010-11 dated 17th February 2011 has stipulated that all deposit-taking Non-banking Finance Companies to maintain a Capital Adequacy Ratio (CAR) of 15% by 31st March 2012.

Accordingly, to increase the net worth of the Company towards attaining the required CAR of 15%, the Board of Directors at their meeting held on 13th February 2012 have decided to make a Preferential allotment of 1,98,93,019 equity shares to Promoter group companies and to a Non-promoter company, the details of which are given below:

Sl No	Name of the proposed Allottees	No.of Equity shares to be allotted
A	Promoter Group	
1	Sakthifinance Financial Services Limited	47,18,225
2	Sakthi Financial Services (Cochin) Private Limited	15,49,910
3	The Gounder and Company Auto Limited	30,51,676
4	ABT Values Limited	24,74,500
5	ABT Foundation Limited	24,74,500
B	Non-Promoter	
1	Avdhoot Finance & Investment Private Limited	56,24,208
	Total	1,98,93,019

Section 81(1A) of the Companies Act 1956 provides that when it is proposed to increase the subscribed capital of the company by offering Further Shares to any person(s), whether or not any such persons are existing shareholders, in any manner whatsoever, then for such proposal, prior approval by way of a Special Resolution passed by the shareholders of the company at its General Meeting has to be taken. The company, being a listed company, has also to comply with the requirements of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 in this regard. In terms of the said Regulations, the price at which the

above shares are to be allotted have to be determined in a manner specified therein. Accordingly, the issue price of the share has to be not less than that calculated with reference to price prevailing on the "Relevant Date", which is 30 days prior to the date of the Extra-ordinary General Meeting i.e. 18th February 2012 and it works out to Rs 11.06 per share. The company has proposed to fix the price at Rs. 11.10 per share. A certificate from M/s P.N. Raghavendra Rao & Co, Statutory Auditors of the company certifying that the calculation of the issue price is in accordance with the requirements of aforesaid SEBI regulations shall be placed for inspection of the members at the General Meeting.

Pursuant to the issue of Further Shares as aforesaid, the increase in the net worth of the company will be Rs 1989.30 lakhs through increase in subscribed and paid up capital of the Company and Rs. 218.83 lakhs through increase in the Securities Premium Account.

The Company, therefore, seeks the approval of the members in terms of Section 81(1A) of the Companies Act 1956 by passing the Special Resolutions as set out in the Notice.

Disclosures which are required to be given in terms of Regulation 73 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 for preferential issues are as under:

1. Object of the Preferential issue

To increase the capital base, net worth and Capital Adequacy Ratio (CAR) of the company to the desired level of 15%.

2. Pricing

The above Equity Shares will be issued and allotted at a price **not less than** the higher of the following in terms of SEBI (ICDR) Regulations 2009:-

- The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date i.e. 18th February 2012; or
- The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during the two weeks preceding the relevant date;

The price per share calculated in accordance with the Regulations works out to Rs.11.06 and the allotment will be made at Rs.11.10 per share.

3. Intention of the Promoters / Directors / Key Management Personnel to subscribe to the offer

The above promoter group companies as mentioned above intend to subscribe to the issue of Further Shares. No Director/Key Management Personnel will subscribe to the issue of Further Shares.

4. Shareholding Pattern

The shareholding pattern before and after the proposed issue of Further Shares on preferential basis is given below:

Sl No	Category	Shareholding pattern before and after the Preferential Issue			
		Pre-Preferential Issue		Post-Preferential Issue	
		No. of Shares	%	No. of Shares	%
A	Promoters/Promoter Group Companies				
1	Individuals	8,63,566	2.87	8,63,566	1.73
2	Bodies Corporate	1,69,82,623	56.41	3,12,51,434	62.50
	Total - A	1,78,46,189	59.28	3,21,15,000	64.23
B	Non-Promoters				
1	Financial Institutions/Banks	2,200	0.01	2,200	0.00
2	Bodies Corporate	16,77,824	5.57	73,02,032	14.61
3	Non-Resident Indians/				
	Non-Resident Incorporated Entity	44,69,970	14.84	44,69,970	8.94
4	Resident Public	61,10,798	20.30	61,10,798	12.22
	Total - B	1,22,60,792	40.72	1,78,85,000	35.77
	Total (A + B)	3,01,06,981	100.00	5,00,00,000	100.00

5. Proposed time within which the allotment shall be completed

The date of allotment of equity shares shall be completed within 15 days from the date of approval of the special resolution by members of the company subject to compliance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009.

6. Identity of the proposed allottees, percentage of post preferential issue capital that may be held by them and change in control consequent to the preferential issue

The identity of the proposed allottees and percentage of post preferential issue of capital that may be held by them are given below:

Sl No	Name of the proposed Allottees	No. of shares to be allotted	Post Issue percentage
A	Promoter Group		
1	Sakthifinance Financial Services Limited	47,18,225	16.22
2	Sakthi Financial Services (Cochin) Private Limited	15,49,910	6.82
3	The Gounder and Company Auto Limited	30,51,676	7.85
4	ABT Values Limited	24,74,500	4.95
5	ABT Foundation Limited	24,74,500	4.95
B	Non-Promoter		
1	Avdhoot Finance & Investment Private Limited	56,24,208	11.25
	Total	1,98,93,019	52.04

There will be no change in control by the proposed issue of equity shares on preferential basis.

7. Undertaking by the Company

The company undertakes that it shall re-compute the price of Further Shares in terms of the provision of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, where it is required to do so. If the amount payable on account of the re-computation of price is not paid till the expiry of the lock-in period as stipulated in SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, the Further Shares shall continue to be locked-in till the time such amount is paid by the proposed allottees.

8. Auditors' Certificate

A certificate from M/s P.N.Raghavendra Rao & Co., the Statutory Auditors of the Company certifying that the proposed issue of securities is being made in accordance with the requirements contained in SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 will be available for inspection of the members at the Registered Office of the company and also at the general meeting.

9. Lock-in period

Further Shares shall be subject to lock-in period as per applicable SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009. The existing pre-preferential allotment shares shall also be locked-in from the Relevant Date up to a period of six months from the date of preferential allotment.

10. Terms of payment

The whole consideration against the allotment of Further Shares will be received by the company from the allottees before the allotment.

The company confirms that the proposed preferential allotment is in compliance with its conditions of continuous listing of equity shares.

The Board of Directors believe that the proposed preferential issue is in the best interests of the Company and therefore recommend the Resolutions for the approval of members.

Dr. M. Manickam, Mr. M. Balasubramaniam and Mr. M. Srinivaasan, Directors of the Company are also Directors of promoter group companies and Mr. A. Shanmugasundaram, Director, being a relative of Director of a promoter group company are concerned or interested in the resolutions to the extent of the proposed allotment.

None of the other Directors of the Company, is in any way, concerned or interested in the resolutions.

Item No.2

It is proposed to issue 20,00,000 10% Redeemable Cumulative Preference Shares of Rs.100 each up to Rs.20 Crores on private placement basis to such person(s) identified by the company in their absolute discretion whether or not such persons are shareholders of the company on such terms and conditions as may be decided by the Board of Directors at their discretion.

The Special Resolutions authorizing the Board of Directors under Section 81(1A) of the Companies Act 1956 to offer, issue and allot preference shares at their discretion, as defined in the resolution, is placed before the members for their approval.

The Board of Directors recommend the passing of these Special Resolutions.

None of the Directors of the Company, is in any way, concerned or interested in the resolutions.

By Order of the Board
For Sakthi Finance Limited

13th February 2012
Coimbatore

S.Venkatesh
Company Secretary

BOOK POST

Printed matter

To

If undelivered, please return to:

SKDC Consultants Limited

(Unit : Sakthi Finance Limited)

Kanapathy Towers, 3rd Floor

1391/A-1, Sathy Road, Ganapathy

Coimbatore - 641 006