

# SHANTHI GEARS LIMITED

304-A, Trichy Road, Singanallur, Coimbatore-641005

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CIN : L29130TZ1972PLC000649.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **41<sup>st</sup> Annual General Meeting** of the Members of Shanthi Gears Limited will be held on **Saturday, the 26<sup>th</sup> day of July, 2014 at 4.00 p.m.** at the Registered Office of the Company at 304-A, Trichy Road, Singanallur, Coimbatore - 641 005 to transact the following business.

### AGENDA

#### Ordinary Business

1. To receive, consider and adopt the Directors' Report, Statement of Profit for the year ended 31<sup>st</sup> March, 2014 and the Balance Sheet as on that date and the Auditor's Report thereon.
2. To elect a Director in place of Mr. MM Murugappan (DIN 00170478), who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint auditors of the Company to hold office from the conclusion of this AGM (2014) until the conclusion of the fourth consecutive AGM (2018) and to fix their remuneration and to pass the following resolution thereof.

RESOLVED that pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules thereunder, M/s. Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No.008072S), be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this AGM (2014) until the conclusion of the fourth consecutive AGM (2018).

FURTHER RESOLVED that the remuneration of ₹ 7.50 Lakhs (including expenses, if any, incurred by them in connection with the said audit) be paid to the Statutory Auditors for the financial year 2014-15.

#### Special Business

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

RESOLVED that pursuant to Section 149 read with Schedule IV, 150, 152 and other applicable provisions of the Companies Act, 2013, the Rules thereunder (including any statutory modification(s) of re-enactment(s) thereof for the time being in force) and Clause 49 of the Listing Agreement, as amended from time to time, Mr. C R Swaminathan (DIN. 00002169), Director, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation, for a term of three consecutive years i.e. from the date of the 41<sup>st</sup> Annual General Meeting (2014) till the date of the 44<sup>th</sup> Annual General Meeting (2017) of the Company [both dates inclusive].

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

RESOLVED that pursuant to Section 149 read with Schedule IV, 150, 152 and other applicable provisions of

the Companies Act, 2013, the Rules thereunder (including any statutory modification(s) of re-enactment(s) thereof for the time being in force) and Clause 49 of the Listing Agreement, as amended from time to time, Mr. J Balamurugan (DIN. 00023309), Director, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years i.e. from the date of the 41<sup>st</sup> Annual General Meeting (2014) till the date of the 46<sup>th</sup> Annual General Meeting (2019) of the Company [both dates inclusive].

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

RESOLVED that pursuant to Section 149 read with Schedule IV, 150, 152 and other applicable provisions of the Companies Act, 2013, the Rules thereunder (including any statutory modification(s) of re-enactment(s) thereof for the time being in force) and Clause 49 of the Listing Agreement, as amended from time to time, Mr. V Venkiteswaran (DIN. 00062246), Director, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation, for a term of two consecutive years i.e. from the date of the 41<sup>st</sup> Annual General Meeting (2014) till the date of the 43<sup>rd</sup> Annual General Meeting (2016) of the Company [both dates inclusive].

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

RESOLVED that in supersession of the earlier resolutions passed under section 293(1)(d) of the Companies Act, 1956 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time, any sum or sums of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total outstanding amount so borrowed shall not at any time exceed the limit of ₹ 100 Crore.

RESOLVED FURTHER that the Board be and is hereby authorised and empowered to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit and to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required.

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

RESOLVED that in supersession of the earlier resolutions passed under section 293(1)(a) of the Companies Act, 1956, and pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to execute, mortgage, charge, and/or hypothecate in respect of the whole or part of the properties of the company both present and future to secure borrowings of money with interest and other moneys in such a manner and on such terms and conditions as the Board of Directors may think fit from time to time.

**By Order of the Board**

Coimbatore  
29<sup>th</sup> April, 2014

**C Subramaniam**  
Company Secretary

**NOTES :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote for or against a resolution instead of himself/herself. Such proxy need not be a member of the Company. A person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. Proxy, in order to be effective, must be received by the Company not less than 48 hours before the Meeting. Corporate members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting.
2. Explanatory Statement of material facts pursuant to Section 102 of the Companies Act, 2013 for Item Nos. 4 to 8 of the Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 19<sup>th</sup> July, 2014 to 26<sup>th</sup> July, 2014 (Both days inclusive).
4. Members are requested to intimate the Registrar and Transfer Agent viz., **S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore-641006 (RTA)**, any change in their address/details about their Bank Account number, Name of the Bank, Bank's Branch name and address to enable the Company to make electronic remittance of dividend or alternatively, for incorporating in the dividend warrants., For shares held in dematerialised form, change in address/Bank account particulars may be intimated directly to the Member's Depository Participant(s).
5. As per the requirements of Section 205A of the Companies Act, 1956, the Company has transferred unclaimed dividends up to 2005-06 to the Investor Education and Protection Fund constituted by the Central Government.
6. Members holding shares in physical form are encouraged to nominate a person to whom their shareholding in the Company shall vest in the event of their demise. Nomination forms will be sent to the Members, on request, by the RTA.
7. As per SEBI directive, it is mandatory for the transferees to furnish self-attested copy of the PAN (Permanent Account Number) card to the Company/RTA for registration of transfer / transmission / transposition of shares in the physical form.
8. Members are requested to bring their copies of the Annual Report and Accounts to the Meeting.
9. Members requiring information on the Accounts are requested to write to the Company atleast seven (7) days in advance, so as to enable the Company to furnish such information.
10. The Annual Report 2014, Notice of the 41<sup>st</sup> AGM and Instructions for e-voting, along with the Attendance Slip and Proxy Form are being sent by electronic mode only to all the members whose email addresses are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the above are being sent.
11. Instructions about e-voting is annexed to this notice.

**By Order of the Board**

Coimbatore  
29<sup>th</sup> April, 2014

**C Subramaniam**  
Company Secretary

## ANNEXURE TO THE NOTICE

**Details of the Directors seeking re-appointment at the 41<sup>st</sup> Annual General Meeting vide Item No. 3 and item Nos. 4 to 6 of the Notice dated 29<sup>th</sup> April, 2014.**

(Pursuant to Clause 49(IV) (G) of the Listing Agreement)

The resume in brief and other details of the Directors, whose re-appointment is for the consideration of the members at the ensuing 41<sup>st</sup> Annual General Meeting, are furnished hereunder:

**Mr. M M Murugappan**

Mr. M M Murugappan holds a Masters degree in Chemical Engineering from the University of Michigan. He is the Chairman of the Company.

Mr. Murugappan is also a member of Audit Committee of the Company.

Details of other Directorships and memberships in Audit and Stakeholders Relationship Committee held by Mr. Murugappan are as follows :

<p><b>Chairman</b>            Carborundum Universal Ltd.            Wendt India Ltd.            Murugappa Morgan Thermal Ceramics Ltd.            MEL Systems &amp; Services Ltd.            Volzhsky Abrasive Works., Russia            Tube Investments of India Ltd.            Net Access (India) Ltd.            Foskor Zirconia Ltd. (South Africa)            CUMI Abrasives and Ceramics Company Ltd., China            Cholamandalam MS Risk Services Ltd.</p> <p><b>Vice Chairman</b>            Murugappa Holdings Ltd.</p> <p><b>Director</b>            Mahindra and Mahindra Ltd.            Infotech Enterprises Ltd.            Ambadi Investments Pvt. Ltd.            M M Muthiah Research Foundation            New Ambadi Estates Pvt. Ltd.            iDea Lab (India) Pvt. Ltd.            Parry Enterprises (India) Ltd.,            Thukela Isithebe Proprietary Ltd., South Africa</p>	<p><b>Committee Membership</b>  <b>Audit Committee</b></p> <p><b>Chairman</b>            Infotech Enterprises Ltd.</p> <p><b>Member</b>            Mahindra and Mahindra Ltd.</p> <p><b>Stakeholders Relationship Committee</b></p> <p><b>Chairman</b>            Carborundum Universal Ltd.            Wendt India Ltd.            Tube Investments of India Ltd.</p>
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Mr. M M Murugappan does not hold any equity shares of the Company

**Mr. C R Swaminathan**

Mr. C R Swaminathan holds a graduate degree in Agriculture and a Masters degree in Business Administration.

Mr C R Swaminathan is Chairman of Audit Committee and member of Stakeholders Relationship Committee of the Company.

Details of other Directorships and memberships in Audit and Stakeholders Relationship Committee held by Mr. C R Swaminathan are as follows:

<b>Director</b>	<b>Committee Membership</b>
Pricol Ltd.	<b>Audit Committee</b>
Magna Electrocastings Ltd.	<b>Member</b>
Chandra Textiles P. Ltd.	Pricol Ltd.
Rajalakshmi Machine Works P. Ltd	
Bull Machines P. Ltd.	

Mr. C R Swaminathan holds 5000 equity shares of the Company

**Mr. J Balamurugan**

Mr. J Balamurugan is an Electronics Engineer from Regional Engineering College, Trichy. He has also done the Management Programme for Entrepreneurial Firms in Indian Institute of Management, Bangalore.

Mr. J Balamurugan is member of Audit Committee of the Company.

Details of other Directorships and memberships in Audit and Stakeholders Relationship Committee held by Mr. J Balamurugan are as follows :

<b>Director</b>	<b>Committee Membership</b>
Nextgen Communications Ltd.	
Gama Industries Coimbatore Ltd.	
Confidign Solutions P. Ltd.	Nil
Unity Mills P.Ltd.	
Spitfire Automotive Performance P.Ltd.	
Federation of Motor Sports Club of India P.Ltd.	
Seshraj Energy P. Ltd.	
Sree Karpagambal Mills Ltd.	
Unity Electro Systems P. Ltd.	
Spit-Fire Motor Sports P. Ltd.	
VTX Industries Ltd.	

Mr. J Balamurugan does not hold any equity shares of the Company

**Mr. V Venkiteswaran**

Mr V Venkiteswaran is a Mechanical Engineer from the University of Madras.

Mr V Venkiteswaran is member of Audit Committee of the Company.

Details of other Directorships and memberships in Audit and Stakeholders Relationship Committee held by Mr. V Venkiteswaran are as follows :

<b>Director</b>	<b>Committee Membership</b>
Coromandel Engineering Company Ltd	<b>Audit Committee</b> <b>Member</b> Coromandel Engineering Company Ltd.

Mr. V Venkiteswaran holds 5000 equity shares of the Company.

**By Order of the Board**

Coimbatore  
29<sup>th</sup> April, 2014

**C Subramaniam**  
Company Secretary

## Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

### Item No.4

Mr. C R Swaminathan is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in September, 2012.

Mr. C R Swaminathan, though he is not liable to retire by rotation at the ensuing Annual General Meeting, being eligible, in terms of Section 149 and other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules thereunder, offers himself for appointment and is proposed to be appointed as an Independent Director for three consecutive years i.e. from the date of the ensuing 41<sup>st</sup> Annual General Meeting (2014) till the conclusion of 44<sup>th</sup> Annual General Meeting (2017). A notice has been received from a member proposing Mr. C R Swaminathan as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. C R Swaminathan fulfils the conditions specified in the Act, and the Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the Management. A copy of the draft letter for appointment of Mr. C R Swaminathan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail of the services of Mr. C R Swaminathan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. C R Swaminathan as an Independent Director, for approval by the shareholders of the Company.

### Memorandum of Interest

Except Mr. C R Swaminathan, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the aforesaid Ordinary Resolution.

### Item No.5

Mr. J Balamurugan is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in September, 2012.

Mr. J Balamurugan, though he is not liable to retire by rotation at the ensuing Annual General Meeting, being eligible, in terms of Section 149 and other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules thereunder, offers himself for appointment and is proposed to be appointed as an Independent Director for five consecutive years i.e. from the date of the ensuing 41<sup>st</sup> Annual General Meeting (2014) till the conclusion of 46<sup>th</sup> Annual General Meeting (2019). A notice has been received from a member proposing Mr. J Balamurugan as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. J Balamurugan fulfils the conditions specified in the Act, and the Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the Management. A copy of the draft letter for appointment of Mr. J Balamurugan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail of the services of Mr. J Balamurugan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. J Balamurugan as an Independent Director, for approval by the shareholders of the Company.

### Memorandum of Interest

Except Mr. J Balamurugan, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the aforesaid Ordinary Resolution.

### Item No.6

Mr. V Venkiteswaran is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in January, 2013.

Mr. V Venkiteswaran, though he is not liable to retire by rotation at the ensuing Annual General Meeting, being eligible, in terms of Section 149 and other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules thereunder, offers himself for



appointment and is proposed to be appointed as an Independent Director for two consecutive years i.e. from the date of the ensuing 41<sup>st</sup> Annual General Meeting (2014) till the conclusion of 43<sup>rd</sup> Annual General Meeting (2016). A notice has been received from a member proposing Mr. V Venkiteswaran as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. V Venkiteswaran fulfils the conditions specified in the Act, and the Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the Management. A copy of the draft letter for appointment of Mr. V Venkiteswaran as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail of the services of Mr. V Venkiteswaran as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. V Venkiteswaran as an Independent Director, for approval by the shareholders of the Company.

#### **Memorandum of Interest**

Except Mr. V Venkiteswaran, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the aforesaid Ordinary Resolution.

#### **Item No.7**

At the Annual General Meeting of the Company held on 2<sup>nd</sup> July, 2004, the members had, by way of ordinary resolution and in pursuance of section 293(1)(d) of the Companies Act, 1956 authorised the Board of Directors to Borrow (apart from temporary loans obtained from the Company's Banker in the ordinary course of Business) upto a limit of ₹ 100 Crores (Rupees One Hundred Crores only) in excess of the aggregate of the paid-up capital of the Company and free reserves, that are not set apart from any specific purpose.

Under Section 180 of the Companies Act, 2013, the above powers of the Board are required to be exercised only with the consent of the Company by a special resolution.

The Ministry of Corporate Affairs ("The MCA") has vide its General Circular No. 4/2014 dated 25<sup>th</sup> March, 2014 clarified that the ordinary resolution passed under section 293 (1) (a) of the Companies Act, 1956 would be sufficient compliance of Section 180 of the Companies Act, 2013 until 11<sup>th</sup> September, 2014.

The approval of the members for the said borrowing powers is therefore now being sought, by way of a special resolution, pursuant to section 180 (1) (c) of the Companies Act, 2013.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the resolution.

#### **Item No. 8**

At the Extra-ordinary General Meeting of the Company held on 25<sup>th</sup> January, 1989, the members had, by way of ordinary resolution and in pursuance of section 293(1)(a) of the Companies Act, 1956 authorised the Board of Directors to execute mortgage, charge, and/or hypothecate in respect of the whole or part of the properties of assets of the company both present and future to secure borrowings of money with interest and other moneys in such a manner and on such terms and conditions as the Board of Directors may think fit from time to time.

Under Section 180 of the Companies Act, 2013, the above powers of the Board are required to be exercised only with the consent of the Company by a special resolution.

The Ministry of Corporate Affairs ("The MCA") has vide its General Circular No. 4/2014 dated 25<sup>th</sup> March, 2014 clarified that the ordinary resolution passed under section 293 (1) (a) of the Companies Act, 1956 would be sufficient compliance of Section 180 of the Companies Act, 2013 until 11<sup>th</sup> September, 2014.

The approval of the members for the said powers is therefore now being sought, by way of a special resolution, pursuant to section 180 (1) (a) of the Companies Act, 2013.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the resolution.

**By Order of the Board**

Coimbatore  
29<sup>th</sup> April, 2014

**C Subramaniam**  
Company Secretary