

# NOTICE

**NOTICE** is hereby given that the Eighth Annual General Meeting of the Members of **CAPITAL FIRST LIMITED** will be held at the Mini Theatre, 3<sup>rd</sup> Floor, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025, on Thursday, August 22, 2013, at 3:00 p.m. to transact the following businesses:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013, the Statement of Profit and Loss for the year ended March 31, 2013, together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend on Equity Shares of the Company for the Financial Year ended March 31, 2013.
3. To appoint a Director in place of Mr. Anil Singhvi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, having ICAI firm registration no. 301003E, Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board to fix their remuneration.

## SPECIAL BUSINESS:

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

**“RESOLVED THAT** Mr. Vishal Mahadevia, who was appointed as an Additional Director of the Company by the Board of Directors with effect from September 28, 2012 and who holds office up to the date of this Annual General Meeting and in respect of whom a notice under Section 257 of the Companies Act, 1956, has been received from a Member signifying his intention to propose Mr. Vishal Mahadevia as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

**“RESOLVED THAT** Mr. M S Sundara Rajan, who was appointed as an Additional Director of the Company by the Board of Directors with effect from February 6, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom a notice under Section 257 of the Companies Act, 1956, has been received from a Member signifying his intention to propose Mr. M S Sundara Rajan as a candidate for the office of Director of the Company, be and

is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

**“RESOLVED THAT** Mr. Hemang Raja, who was appointed as an Additional Director of the Company by the Board of Directors with effect from February 6, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom a notice under Section 257 of the Companies Act, 1956, has been received from a Member signifying his intention to propose Mr. Hemang Raja as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

**“RESOLVED THAT** in supersession of the resolution passed by the Members of the Company at the 7<sup>th</sup> Annual General Meeting of the Company held on September 25, 2012 and pursuant to the provisions of Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) (**“the Act”**) and the provisions of the Memorandum of Association and Articles of Association of the Company, the consent of the Members of the Company be and is hereby accorded to the Board of Directors to borrow any sum or sums of monies, from time to time, in any form including but not limited to bank/ Institutional loans, inter corporate deposit(s), credit facilities, debentures (redeemable, non-convertible, structured or unstructured), other non-convertible instruments, sub-debt, perpetual debt or in any other form, upon such terms and conditions as to interest, repayment, or otherwise and with or without security, as the Board may think fit for the purposes of the Company’s business notwithstanding that the money or monies to be borrowed, together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves, provided however, the total amount so borrowed (apart from the temporary loans obtained from the Company’s bankers in the ordinary course of business) shall not exceed at any point in time (excluding any interest on such borrowings) a sum equivalent to ₹ 10,000 Crore (Rupees Ten Thousand Crore Only) over and above the aggregate, for the time being, of the paid-up capital and free reserves of the Company.

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**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to approve, finalise, modify, settle and execute such documents / deeds / writings / papers / agreements as may be required or considered necessary by the Board and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, expedient, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to borrowing(s) as aforesaid or in respect of any other related matter in this regard.”

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

“**RESOLVED THAT** in partial modification of the Special Resolution passed by the members at the Extraordinary General Meeting held on August 27, 2010 and pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, [including any statutory modification or re-enactment thereof, for the time being in force] and all guidelines and clarifications, for managerial remuneration issued by the Central Government from time to time and subject to the approval of Central Government, if applicable, the Company hereby approves, confirms and ratifies the revised salary, perquisites and performance bonus (**‘Remuneration’**) payable to Mr. V. Vaidyanathan, Chairman and Managing Director, with effect from December 1, 2012, as mentioned in the Explanatory Statement attached hereto, for remaining period with effect from December 1, 2012 upto August 9, 2015 and more particularly set out in the CMD Agreement dated November 30, 2012 entered into between the Company and Mr. V. Vaidyanathan modifying the terms of original appointment agreement dated August 1, 2010.

**RESOLVED FURTHER THAT** where in any financial year, during the currency of the tenure of Mr. V. Vaidyanathan as Chairman & Managing Director, the Company has no profits or its profits are inadequate, the Company may pay to Mr. V. Vaidyanathan, the Remuneration not exceeding the limits stipulated in the aforesaid draft Agreement within the overall ceiling specified in Schedule XIII to the Act or subject to the approval of the Central Government notwithstanding that the same is in excess of the maximum remuneration permitted to be paid to him under the applicable provisions of the Act as amended from time to time.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby authorised to apply on behalf of the Company to the Central Government, if required, for taking its approval for payment of remuneration to Mr. V. Vaidyanathan as mentioned above and also authorised to do all such acts, deeds, things and matters

as may be necessary and to execute necessary documents/ agreements/ applications/ letters on behalf of the Company.”

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

“**RESOLVED THAT** pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and/or Foreign Exchange Management Act, 1999 (including any statutory modification(s) or re-enactment thereof), the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, as amended, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Deposit Receipt Mechanism) Scheme, 1993, as amended and the applicable Rules, Regulations, Notifications and Circulars, if any, issued by Securities and Exchange Board of India (SEBI) from time to time, including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the ICDR Regulations), Reserve Bank of India (RBI), Government of India or any other competent authority and clarifications, if any, issued thereon from time to time by appropriate authorities, the Equity Listing Agreements (the “Listing Agreement”) entered into by the Company with the Stock Exchanges where the Company’s equity shares of face value of ₹ 10 each (the “Equity Shares”) are listed and other concerned and appropriate authorities, and other applicable laws, if any, and relevant provisions of the Memorandum and Articles of Association of the Company and subject to such approval(s), consent(s), permission(s) and/or sanction(s), if any, of the Government of India, RBI, SEBI and any other appropriate authority(ies), Bank(s), Institution(s) or Body(ies), as may be necessary and subject to such conditions as may be prescribed by any of them in granting any such approval, consent, permission or sanction, as are accepted by the Board of Directors of the Company, (hereinafter referred to as the “**Board**”, which term shall be deemed to include any duly constituted Committee thereof), be and is hereby authorized to create, offer, issue and allot Equity Shares/Securities in one or more tranches, in the course of domestic or international offerings, by way of Follow-on Public Offer (FPO) and/or by way of a Qualified Institutions Placement (QIP) in terms of the Chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time and/or Equity Shares in the form of Global Depository Receipts (GDRs), and/or American Depository Receipts (ADRs), and/or External Commercial Borrowings (ECBs) with rights of conversion into shares, and/or Foreign Currency Convertible Bonds (FCCBs) and/or Optionally or Compulsorily Convertible Preference Shares (OCPS/CCPS), convertible into Equity Shares of the

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Company with voting rights or with differential rights as to voting, dividend or otherwise in accordance with such rules and subject to such conditions as may be prescribed or any other instrument convertible into Equity Shares with voting rights or with differential voting rights as to voting, dividend or otherwise (hereinafter referred to as the “**Securities**”), to be subscribed to, by International and/or Indian Banks, Institutions, Institutional Investors, Mutual Funds, companies, other Corporate Bodies, Resident/ Non-Resident Indians, Foreign Nationals and other eligible Investors, as may be decided by the Board, (hereinafter referred to as the “**Investors**”), whether or not such Investors are members of the Company or not (including with the provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons including employees of the Company group/associate company(ies) / holding company as may be permitted by the ICDR Regulations from time to time), at such time or times, at such price or prices, at such discount/ premium to the market or prices in such manner and on such terms and conditions including security, rate of interest etc. including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of Investors, as may be determined by the Board at the time of such issue and allotment, considering the prevalent market conditions and other relevant factors wherever necessary, upto an aggregate of ₹ 300 Crore (Rupees Three Hundred Crore only) in Indian Rupees or equivalent in any foreign currency (inclusive of such premium as may be determined) and such issue and allotment be made at such time or times, in such tranche or tranches, in such currency or currencies, in such manner and on such terms and conditions (including, if necessary, in relation to security on convertible debt instruments) as may be decided and deemed appropriate by the Board in its sole discretion at the time of issue / allotment.

**RESOLVED FURTHER THAT** in case of QIP, pursuant to Chapter VIII of the ICDR Regulations, the allotment of Equity Shares/ Securities shall only be made to Qualified Institutional Buyers within the meaning of Chapter VIII of the ICDR Regulations and such Securities shall be fully paid-up and the allotment of such Securities shall be completed within 12 months from the date of this resolution.

**RESOLVED FURTHER THAT** the relevant date for determination of the floor price of the Equity Shares to be issued by way of QIP issue shall be the date(s) of the meeting(s) in which the Board decides to open the proposed issue or the date on which the holder of the securities which are convertible into or exchangeable with equity shares at a later date becomes entitled to apply for the said shares, as the case may be (“Relevant Date”).

**RESOLVED FURTHER THAT** the Company and/or any agency or body authorized by the Company, may issue receipts/ certificates representing the underlying Securities and/or Equity Shares issued by the Company with such features and attributes as are prevalent in International Capital Markets for instruments of this nature and provide for the tradability or free transferability thereof as per the domestic/ international practices, norms and regulations, and under the norms and practices prevalent in the International Markets.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot, from time to time, such number of Equity Shares at such premium as may be decided by the Board in its absolute discretion as may be required to be issued and allotted upon conversion of such Securities as may be necessary in accordance with the terms of the offering, including additional Equity Shares, and all such shares shall rank pari-passu with the then existing Equity Shares in the Company in all respects including the dividend.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any issue and/or allotment of Equity Shares in the Company or Securities or instruments or Securities representing or convertible into Equity Shares in the Company, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion, deem necessary, appropriate or desirable for such purpose, including, without limitation, determining the form and manner of the issue, the class of investors to whom the Equity Shares/Securities are to be issued and allotted, number of Equity Shares/Securities to be allotted in each tranche, issue price, face value, premium amount on issue/ conversion of Securities/exercise of warrants/redemption of Securities, rate of interest, redemption period, to appoint Lead Managers, Merchant Bankers, Global Business Coordinators, Book Runners, Underwriters, Guarantors, Financial and/or Legal Advisors, Depositories, Custodians, Registrars, Trustees, Bankers and all other agencies, to enter into or execute all such agreements/ arrangements /MOUs/ documents with any such agencies, as may be necessary; to list the Securities and the Equity Shares to be issued on conversion of the said Securities on any Indian and/or Foreign Stock Exchange(s), as it may in its absolute discretion deem fit.

**RESOLVED FURTHER THAT** the Board of Directors be authorised to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors or the Chairman or any other Director(s) or officer(s) of the Company to give effect to the aforesaid resolution(s) and matters flowing from, connected with and incidental to any of the matters mentioned in the aforesaid resolution and the Board be and is hereby authorised on behalf of the

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Company to take all actions and to resolve and settle all questions and difficulties that may arise in the proposed issue/offer, allotment and conversion of any of the aforesaid Securities, utilization of the issue proceeds and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

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

“**RESOLVED THAT** in partial modification of the Special Resolution(s) passed by the members at the Annual General Meeting (hereinafter referred to as “**AGM**”) held on September 25, 2007 for approval of Employees Stock Option Scheme – 2007 (**CFL - ESOS 2007**) and ratification of the said scheme pursuant to Clause 22. 2A(a)(ii) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Share Purchase Scheme) Guidelines, 1999 in AGM held on August 4, 2009, AGM held on August 14, 2008 and August 4, 2009 for approval and modification of Employee Stock Option Scheme 2008 (**CFL - ESOS 2008**), AGM held on August 4, 2009 for approval of Employee Stock Option Scheme 2009 (**CFL - ESOS 2009**), Special resolution passed by way of Postal Ballot results declared on March 16, 2011 for approval of Employee Stock Option Scheme 2011 (**CFL - ESOS 2011**) and Special resolution passed by way of Postal Ballot results declared on July 5, 2012 for approval of Employee Stock Option Scheme 2012 (**CFL - ESOS 2012**) and subject to Section 81 (1A) and other applicable provisions if any of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time, other concerned and relevant authorities, and other applicable laws, if any and subject to such approvals, permissions, conditions and modifications as may be prescribed or imposed by any regulatory authorities, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as “**the Board**” which term shall be deemed to include the Compensation & Nomination Committee, which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to modify the exercise period of options granted/ to be granted to the employees/Director of the Company to “5 years from the date of vesting or ten years from the Grant Date whichever is later” (hereinafter referred to as “**modified option**”) in all existing Employee Stock Option scheme(s) viz. CFL - ESOS 2007, CFL – ESOS 2008, CFL – ESOS 2009, CFL

ESOS 2011 and CFL ESOS 2012 (hereinafter collectively referred to as “**CFL – ESOS Schemes**”) constituted pursuant to the said resolution(s).

**RESOLVED FURTHER THAT** the relevant Clauses/Articles in the CFL - ESOS Schemes with regards to ‘Exercise Period’ be accordingly modified with such exceptions as may be considered necessary or appropriate by the Board.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary or desirable for the purpose of giving effect to this resolution with power to settle any issues, questions, difficulties or doubts that may arise in this regard.”

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

“**RESOLVED THAT** in partial modification of the Special Resolution(s) passed by the members at the Annual General Meeting(s) (hereinafter referred to as “**AGM**”) held on September 25, 2007 for approval of Employees Stock Option Scheme – 2007 (**CFL - ESOS 2007**) and ratification of the said scheme pursuant to Clause 22.2A(a)(ii) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Share Purchase Scheme) Guidelines, 1999 in AGM held on August 4, 2009, AGM held on August 14, 2008 and August 4, 2009 for approval and modification of Employee Stock Option Scheme 2008 (**CFL - ESOS 2008**), AGM held on August 4, 2009 for approval of Employee Stock Option Scheme 2009 (**CFL - ESOS 2009**), Special resolution passed by way of Postal Ballot results declared on March 16, 2011 for approval of Employee Stock Option Scheme 2011 (**CFL - ESOS 2011**) and Special resolution passed by way of Postal Ballot results declared on July 5, 2012 for approval of Employee Stock Option Scheme 2012 (**CFL - ESOS 2012**) and subject to Section 81 (1A) and other applicable provisions if any of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time, other concerned and relevant authorities, and other applicable laws, if any, and subject to such approvals, permissions, conditions and modifications as may be prescribed or imposed by any regulatory authorities, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as “**the Board**” which term shall be deemed to include the Compensation & Nomination Committee, which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) for modification of the exercise period of options granted/to be granted to the employees/Director of Company



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and/or Subsidiaries Company(ies) to “5 years from the date of vesting or ten years from the Grant Date whichever is later” in all existing Employee Stock Option scheme(s) viz. CFL – ESOS 2007, CFL – ESOS 2008, CFL – ESOS 2009, CFL – ESOS 2011 and CFL ESOS 2012 (hereinafter collectively referred to as “**CFL – ESOS Schemes**”) constituted pursuant to the said resolution(s).

**RESOLVED FURTHER THAT** the relevant Clauses/Articles in the CFL - ESOS Schemes with regards to ‘Exercise Period’ be accordingly modified with such exceptions as may be considered necessary or appropriate by the Board.

**RESOLVED FURTHER THAT** the Board, be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary or desirable for the purpose of giving effect to this resolution with power to settle any issues, questions, difficulties or doubts that may arise in this regard.”

**By Order of the Board of Directors**

**Satish Gaikwad**  
Company Secretary

Place : Mumbai

Date : May 27, 2013

### Registered Office:

Indiabulls Finance Centre, Tower-2,  
15<sup>th</sup> Floor, Senapati Bapat Marg,  
Elphinstone (West), Mumbai - 400 013.

### NOTES:

- a) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the special business set out in the Notice, wherever applicable, is annexed hereto.
- b) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- c) Proxies in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Annual General Meeting.
- d) Corporate Members intending to send their authorised representative(s) to attend the Meeting are requested to send a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the Annual General Meeting.
- e) Members desirous of obtaining any information as regards accounts of the Company are requested to write to the Company at least one week before the Meeting, so that the information required will be made available at the Annual General Meeting.
- f) Documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on all working days of the Company, between 2:00 p.m. to 5:00 p.m. up to the date of the Annual General Meeting.
- g) The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, August 17, 2013 to Thursday, August 22, 2013 (both days inclusive) for determining the names of the Members eligible for dividend on Equity Shares, if declared at the Annual General Meeting.
- h) The dividend on Equity Shares, if declared at the Annual General Meeting, will be paid on or after Friday, August 23, 2013, to those Members, holding shares in physical form, whose names shall appear on the Company's Register of Members on close of business hours on Friday, August 16, 2013; in respect of the shares held in dematerialized form, the dividend will be paid to the Members whose names are furnished by the National Securities Depository Limited and the Central Depository Services (India) Limited as the beneficial owners as at the close of business hours on Friday, August 16, 2013. In terms of the directives of Securities and Exchange Board of India, shares issued by the Company should rank *pari-passu* in all respects, including dividend entitlement and accordingly the equity shares allotted/to be allotted by the Company during the period April 1, 2013 to August 16, 2013, will also be entitled to the dividend.
- i) Members holding shares in physical form are requested to immediately notify change in their address, if any, to the Registrar and Transfer Agent of the Company, viz., Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai – 400 078, quoting their Folio Number(s).
- j) The Company will disburse the dividend vide ECS/NECS to those share holders whose requisite particulars are available and to other share holders vide dividend warrants. The intimation of dividend payout/dispatch will be sent within the statutory period.
- k) Members/Proxies are requested to bring the Attendance Slip(s) duly filled in.
- l) Copies of the Annual Report will not be distributed at the Annual General Meeting; Members are requested to bring their copy of the Annual Report to the Meeting.

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- m) Members are requested to note that the Company's shares are under compulsory demat trading for all investors. Members are, therefore, requested to dematerialise their shareholding to avoid inconvenience.
- n) Members may avail of the nomination facility as provided under Section 109A of the Companies Act, 1956.
- o) Pursuant to the requirements of Corporate Governance under Clause 49 of Listing Agreement entered into with the Stock Exchange(s), the brief resumes of all the Directors proposed to be re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/chairmanships of Board/Committees, shareholding and relationships between Directors inter-se, are provided in the Directors' Report forming part of the Annual Report.
- p) With respect to the introduction of CFL – ESOS Scheme 2009, the following disclosures were required to be made as part of explanatory statement of the approved special resolution:
  - a) Exercise Period - The exercise period is as provided in point no. 3 of table given in Explanatory Statement of this notice for item no. 11 & 12.
  - b) Exercise Process – Exercise Process is as provided in Article 12(f) of the CFL ESOS Scheme 2009 and the said Article is reproduced as follows:
 

*“The options shall be deemed to have been Exercised only when the Company receives:*

    - (i) a written or electronic notice of Exercise from the option holder, in such form as may be prescribed; and*
    - (ii) the full payment towards the Exercise Price, in respect of Shares and the tax amount payable as tax under the relevant tax laws, for the time being in force.”*
  - c) Exercise Method for valuation of Options - Exercise Method is as provided in Article 12(j) of the CFL ESOS Scheme 2009 and the said Article is reproduced as follows:
 

*“The Company shall follow the intrinsic value method for computing the compensation cost for the options Granted. The difference between the compensation cost so calculated and the compensation cost that would have been recognised if the Company had used fair value method and its impact on the profits and earnings per share shall be disclosed in the Directors' Report of the Company.”*

The Members may take note of the same.

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

#### ITEM NO. 5:

Mr. Vishal Mahadevia was appointed as an Additional Director of the Company by the Board of Directors with effect from September 28, 2012. In terms of the provisions of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, Mr. Mahadevia holds office up to the date of the forthcoming Annual General Meeting.

Mr. Vishal Mahadevia, aged 40 is Managing Director and co-head of Warburg Pincus India Private Limited. Previously, he was with Greenbriar Equity Group, a fund focused on private equity investments in the transportation sector. Prior to that, Mr. Mahadevia worked at Three Cities Research, Inc., a New York-based private equity fund, and as a consultant with McKinsey & Company. He is a director of AU Financiers, Capital First, Continental Warehousing, Gangavaram Port, IMC Limited and QuEST Global Services. Mr. Mahadevia received a B.S. in economics with a concentration in finance and a B.S. in electrical engineering from the University of Pennsylvania.

A notice pursuant to Section 257 of the Companies Act, 1956, has been received from a Member, signifying his intention to propose the appointment of Mr. Mahadevia. This may also be treated as an individual notice to the Members of his candidature, pursuant to Section 257(1A) of the Companies Act, 1956.

Your Directors recommend the resolution set out in the Notice for your approval.

None of the Directors other than Mr. Mahadevia are in any way, concerned or interested in the resolution.

#### ITEM NO. 6:

Mr. M S Sundara Rajan was appointed as an Additional Director of the Company by the Board of Directors with effect from February 6, 2013. In terms of the provisions of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, Mr. Sundara Rajan holds office up to the date of the forthcoming Annual General Meeting.

Mr. M S Sundara Rajan, aged 63, is a Post Graduate in Economics from University of Madras with specialisation in Mathematical economics, National Income and Social Accounting. He is also a Certified Associate of Indian Institute of Bankers and Associate Member of Institute of Company Secretaries of India. He was Chairman and Managing Director (CMD) of Indian Bank and has total experience of over 38 years in the Banking Industry. He has also earlier worked with Union Bank of India for over 33 years. During his Stewardship as CMD of Indian Bank, the said Bank has won many accolades and awards. He has been ranked 45<sup>th</sup> in the Economic Times India Inc's most powerful CEOs list

(2009) and also Ranked No. 2 among the CEOs of Nationalized Banks and No. 6 among the CEOs of Commercial banks.

A notice pursuant to Section 257 of the Companies Act, 1956, has been received from a Member, signifying his intention to propose the appointment of Mr. Sundara Rajan. This may also be treated as an individual notice to the Members of his candidature, pursuant to Section 257(1A) of the Companies Act, 1956.

Your Directors recommend the resolution set out in the Notice for your approval.

None of the Directors other than Mr. Sundara Rajan are in any way, concerned or interested in the resolution.

#### ITEM NO. 7:

Mr. Hemang Raja was appointed as an Additional Director of the Company by the Board of Directors with effect from February 6, 2013. In terms of the provisions of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, Mr. Raja holds office up to the date of the forthcoming Annual General Meeting.

Mr. Hemang Raja, aged 54, is an MBA from Abeline Christian University, Texas, with a major emphasis on finance. He has also done an Advanced Management Program (AMP) from Oxford University, UK. He has a vast experience of over thirty three years in financial services encompassing fund based businesses such as Project Finance and Corporate Banking, together with Treasury management and Structured products with IL&FS. Mr. Raja has also been the head of Capital Market activities in the Institutional and Retail Segments when he started and became the Managing Director and CEO of the then newly formed initiative by IL&FS, namely IL&FS Investsmart Ltd.

During the last five years, he has been involved in the Private Equity and Fund Management business with Credit Suisse and Asia Growth Capital Advisers in India as MD and Head-India.

Over the course of his career he has cultivated and managed over a hundred strong Corporate Relationships and has been involved in the creation of a retail customer base of more than two hundred thousand, in IL&FS and IL&FS Investsmart Ltd. He has served on the executive committee of the board of the National Stock Exchange of India Limited and also served as a member of the Corporate Governance Committee of BSE Limited.

A notice pursuant to Section 257 of the Companies Act, 1956, has been received from a Member, signifying his intention to propose the appointment of Mr. Raja. This may also be treated as an individual notice to the Members of his candidature, pursuant to Section 257(1A) of the Companies Act, 1956.

Your Directors recommend the resolution set out in the Notice for your approval.

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None of the Directors other than Mr. Raja are in any way, concerned or interested in the resolution.

### ITEM NO. 8:

At the Seventh Annual General Meeting of the Company held on September 25, 2012, Members of the Company had accorded their approval in terms of Section 293(1)(d) of the Companies Act, 1956, to the Board of Directors to borrow monies from time to time, not exceeding ₹ 7,500 Crore (Rupees Seven Thousand Five Hundred Crore Only) in excess of the aggregate of the paid up capital and free reserves of the Company.

To meet the growing business requirements and to enable an active borrowing program by the Company and to access funds at most competitive rate(s), the Company may consider undertaking different forms of borrowings including but not limited to term loan(s), working capital facilities, inter corporate deposit(s), commercial paper, debentures, sub-debt, other non-convertible or convertible debt instruments and/or other fund based facilities whether secured or unsecured or structured or unstructured as may be allowable to be mobilised by the Company. In this regard, it is, therefore, proposed to increase the present borrowing limits from ₹ 7,500 Crore (Rupees Seven Thousand Five Hundred Crore Only) to ₹ 10,000 Crore (Rupees Ten Thousand Crore Only) over and above the paid up capital and free reserves of the Company.

Pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, approval of the Members at a General Meeting is required if the monies to be borrowed, together with the monies already borrowed by a Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), exceed the aggregate of the paid-up capital of the Company and its free reserves.

The Members by way of an Ordinary Resolution passed at the Annual General Meeting dated August 17, 2011, had authorised the Board of Directors, under Section 293(1)(a) of the Companies Act, 1956, to offer and create such charge(s), hypothecation(s) and/or mortgage(s) of any description, in such form, manner, ranking as to priority, at such time and on such terms as the Board may determine, over the moveable and/or immovable, tangible and/or intangible, properties of the Company, in favour of the lenders for the purpose of securing the borrowing(s) of the Company, subject to the limits of borrowing as approved by the Members of the Company, from time to time, under Section 293(1)(d) of the Companies Act, 1956.

Accordingly, it is proposed to seek approval of the Members under Section 293(1)(d) of the Companies Act, 1956, by way of an Ordinary Resolution, to authorise the Board of Directors to borrow monies in excess of the paid-up capital and free reserves of the Company so however, that the total amount so borrowed shall not exceed at any point in time (excluding any interest on

such borrowings) a sum equivalent to ₹ 10,000 Crore (Rupees Ten Thousand Crore Only) over and above the aggregate, for the time being, of the paid-up capital and free reserves of the Company, other than borrowings which are to be excluded in computing such limits pursuant to the provisions of the said Section.

The Directors recommend the passing of this Resolution at Item No.8 as an Ordinary Resolution, for approval of Members.

None of the Director of the Company is, in any way, concerned or interested in the Resolution(s).

### ITEM NO. 9:

The Members at the Extraordinary General Meeting of the Company held on August 27, 2010 approved the appointment of Mr. V. Vaidyanathan as Managing Director for a period of 5 years (from August 10, 2010 till August 9, 2015) on an annual remuneration of ₹ 3 Crore (Rupees Three Crore only) and Performance Bonus not exceeding ₹ 50 Lac (Rupees Fifty Lac only), and on such terms and conditions as mentioned in the Agreement entered into between the Company and Mr. Vaidyanathan as on August 1, 2010 ('Appointment Agreement'). Mr. Vaidyanathan was, thereafter, re-designated as the Chairman and Managing Director (CMD) of the Company at the Board Meeting held on September 28, 2012.

Mr. Vaidyanathan brings with him a stellar background and a rich experience of building many large businesses in the finance industry for over two decades. He is considered as a significant thought leader and is an influential voice in the financial circles in India. At Capital First Limited, he has provided exemplary leadership and has built a talented team of over 1,200 people, launched many new lines of businesses for future growth, grown the company by more than 650% to over ₹ 7,500 crore, raised the required funds to grow the balance sheet despite difficult monetary conditions, improved the external Credit Rating of the company and inspired great confidence among financial markets and lenders of the Company.

In view of the above significant contributions and considering the fact that his salary was not revised since August 2010, the Compensation & Nomination Committee discussed and recommended to the Board of Directors a revision in remuneration of CMD. The Board at its Meeting held on November 21, 2012 approved the said revision with effect from December 1, 2012, for the remainder of the term of office, subject to the approval of the Members, the Central Government of India, Ministry of Corporate Affairs and any other approvals, as may be required and in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956. Accordingly, the Company has modified his terms of appointment including remuneration as more specifically set out in CMD Agreement which was entered into with Mr. Vaidyanathan on November 30, 2012. The revised



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remuneration payable to the CMD is now being placed before the Members in the 8<sup>th</sup> Annual General Meeting for their approval by way of a Special Resolution.

An abstract of the terms of revision in remuneration payable to the CMD together with the Memorandum of Concern or Interest, as required under Section 302 of the Companies Act, 1956 was sent to the Members vide circular letter dated December 6, 2012.

The following additional information as required by Section II of Part II of Schedule XIII to the Companies Act, 1956 is given below:

### I. General Information:

#### (i) Nature of Industry :

Capital First Limited is a Systemically Important Non Deposit accepting Non-Banking Finance Company (SI-ND-NBFC) engaged in retail financial services, corporate lending and wholesale credit.

#### (ii) Date or expected date of Commencement of Commercial production:

The Company was incorporated on October 18, 2005 as a Private Limited Company. Hence, Commencement Certificate was not required.

#### (iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable

#### (iv) Financial performance based on given indicators - as per audited financial results for the year ended March 31, 2013:

Particulars	₹ in Million
Turnover and Other Income	8,000.54
Net profit as per Profit & Loss Account (after tax)	697.74
Profit as computed under Section 309 (5) read with Section 198 of the Companies Act, 1956	576.33
Net worth	9,419.47

#### (v) Export performance and Net foreign exchange collaborations: Not Applicable

#### (vi) Foreign Investments or collaborators, if any : The Company has a wholly owned foreign subsidiary viz. Anchor Investment & Trading Company Limited with an investment of USD 16,987. As on March 31, 2013, the Company has Foreign Body Corporate Promoter Holding to the tune of 70.57% and

Foreign Institutional Investments to the tune of 0.90%.The Company does not have any foreign collaborators.

### II. Information about the appointee

#### (i) Background details :

Mr. V. Vaidyanathan is the Chairman and Managing Director of Capital First Limited ('Capital First'). He recently concluded India's largest Management Buyout of a listed company which is one of his most significant professional achievements. As part of this MBO, Warburg Pincus, one of the world's most reputed Private Equity players, with funds of over US\$ 40 billion in 35 countries, has acquired a majority stake (70%) in Capital First Limited, through its affiliate Cloverdell Investment Ltd.

In 2010, in order to take an entrepreneurial role, he joined Capital First from ICICI Prudential Life Insurance Company, where he was the Managing Director and CEO. From a largely wholesale financing company with assets of under USD 200 million, he changed Capital First into largely a retail lending company with loan assets over USD 1.5 billion, out of which 74% is retail assets. Since his joining Capital First, he has successfully launched a number of retail businesses including MSME financing, Gold Loans, Two Wheeler loans, Consumer Durable loans and has implemented latest cutting edge technologies and scoring solutions in the company. Within 3 years, he has built a large retail franchise of 180 branches, 1200 employees across 42 cities, and has made Capital First a leading player in lending to MSMEs. Under his leadership, the company's long term credit rating has been re-rated thrice from A+ to AA+ within 3 years.

He joined ICICI Bank in early 2000 and helped transition the then ICICI Limited from a Domestic Financial Institution (DFI) to a Universal Bank. He was responsible for launching the Retail Banking Business since its inception in 2000 and managed the retail business till 2009. He built ICICI bank into a large retail powerhouse in the country and built a loan book of USD 30 billion in Mortgages, Auto, personal loans and credit cards, and took the bank to market leadership. He also built a network of 1400 ICICI Bank branches across 800 cities, built a vast deposit base, and a franchise of 25 million customers. He also built the SME business and Rural Banking Business for the bank. His key passion is the usage of new age technology to expand organized retail lending and deposits to a vast expanse of India.

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He was appointed as Executive Director on the Board of ICICI Bank at the age of 38. He was also the Chairman of ICICI Home Finance Co. Ltd., and served on the Board of ICICI Lombard General Insurance Company and CIBIL, India's first credit bureau. He started his career with Citibank India Consumer Banking Division in 1990 and worked at Citibank till the year 2000.

Over the years, his contribution won him many domestic and international awards including Best Retail Bank in Asia 2001, "Excellence in Retail Banking Award" 2002, Best Retail Bank in India 2003, 2004, and 2005 from the Asian Banker, "Most Innovative Bank" 2007, and was nominated "Retail Banker of the Year" by EFMA Europe for 2008 and 2009. He is an alumnus of Birla Institute of Technology and Harvard Business School. He is a regular marathoner and has run 7 marathons and 8 half marathons. He lives in Mumbai with his family of father, wife and three children.

### (ii) Past remuneration:

The shareholders of the Company had at their meeting held on August 27, 2010 approved the appointment of Mr. V. Vaidyanathan as the Vice Chairman and Managing Director of the Company for a period of 5 years (from August 10, 2010 till August 9, 2015) on an annual remuneration of ₹ 3 Crore (Rupees Three Crore only) and Performance Bonus not exceeding ₹ 50 Lac (Rupees Fifty Lac only), and on such terms and conditions as mentioned in the Agreement entered into between the Company and Mr. Vaidyanathan as on August 1, 2010.

### (iii) Job profile:

Mr. V. Vaidyanathan is the Chairman and Managing Director of Capital First Limited ('Capital First'). He has been entrusted with the responsibility of building Capital First into a large diversified Financial Institution with diversified, stable and sustainable stream of earnings. He needs to achieve the above in an intensely competitive market, where established players like a large number of banks and NBFCs are already present in these businesses. He has to launch and scale a number of retail businesses with growth potential to achieve the above. For this purpose, he needs to hire the right leadership team, management team, and develop the infrastructure for a sustainable business.

Building a financial services company can be particularly difficult in the early stages of its life. The company needs to borrow from financial participants like banks and Capital Debt Markets, and high rating by reputed Credit Rating

agencies is essential. His vast experience over two decades and strong track record with earlier organizations will be valuable in achieving the above.

### (iv) Remuneration proposed :

The Cost to Company for the CMD will be ₹ 4,00,00,000 (Rupees Four Crore Only) per annum ("CTC"). This is inclusive of perquisites, if any, and exclusive of Provident Fund, Gratuity and Leave encashment, if any and he shall also be eligible to an annual bonus of upto ₹ 2,00,00,000 (Rupees Two Crore Only) payable based upon the performance of the CMD and the Company as decided by the Board of the Company.

### (v) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the Country of his origin) :

Setting up a large and diversified financial services company requires the Managing Director to have the right strategic vision as well as proven execution capabilities. This requires the ability to choose the right business lines, starting up businesses, build scale, manage high credit quality, raise funds at attractive rates, and position the business for profitability. Setting up businesses from scratch takes special set up skills.

In these circumstances, the background of the person leading the company is critical in being able to get the support of the financial players, banks, Mutual Funds, and Provident Funds. In the case of Mr. Vaidyanathan, he comes with an excellent background, market visibility, and strong track record of setting up businesses and leading teams.

It is necessary to offer him compensation package commensurate with his profile and background to take up the challenging responsibility. Taking into consideration the size of the Company, the profile of Mr. V. Vaidyanathan, the responsibilities shouldered by him and the industry benchmarks, and more importantly the skills required at the stage of the organisation, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

### (vi) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any :

Besides the remuneration proposed to be paid to him, Mr. V. Vaidyanathan does not have any other pecuniary