

SHANTHI GEARS LIMITED

Registered Office : 304-A, Trichy Road, Singanallur, Coimbatore - 641 005

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **40th Annual General Meeting** of the Members of Shanthi Gears Limited will be held on **Wednesday, the 24th day of July, 2013 at 2.00 p.m.** at the Registered Office of the Company at 304-A, Trichy Road, Singanallur, Coimbatore - 641005 to transact the following business.

A G E N D A

Ordinary Business

1. To receive, consider and adopt the Directors' Report, Statement of Profit for the year ended 31st March, 2013 and the Balance Sheet as on that date and the Auditor's Report thereon.
2. To declare a Dividend.
3. To appoint Auditors and to fix their remuneration.

RESOLVED that M/s. Deloitte Haskins & Sells, Chartered Accountants (Firm registration no. 008072S), be and are hereby appointed as Auditors of the Company in place of M/s. S Lakshminarayanan Associates the retiring auditors to hold office until the conclusion of the next Annual General Meeting and the Board of Directors be authorized to fix their remuneration.

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 Mr. M M Murugappan be and is hereby appointed as a Director of the Company, liable to retire by rotation.

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

RESOLVED that Mr. L Ramkumar 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. C R Swaminathan 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. J Balamurugan 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 Dr. Sreeram Srinivasan be and is hereby appointed as a Director of the Company, not liable to retire by rotation.
9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.
- RESOLVED that Mr. V Venkiteswaran be and is hereby appointed as a Director of the Company, liable to retire by rotation.
10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.
- RESOLVED that consent/approval be and is hereby accorded under Section 198, 269 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII thereof, for the appointment of Dr. Sreeram Srinivasan as President & Executive Director of the Company for a period of three years from 03.09.2012.
- RESOLVED FURTHER that Dr. Sreeram Srinivasan shall not be entitled to remuneration for the services rendered /to be rendered by him as the President & Executive Director of the Company. He will be entitled to be reimbursed actual expenses, if any, incurred by him in connection with and in the course of the business of the Company.
- RESOLVED FURTHER that Dr. Sreeram Srinivasan as President & Executive Director of the Company be and is hereby vested with substantial powers of management, which he shall exercise subject to the superintendence, control and direction of the Board of Directors.
11. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution
- RESOLVED that in accordance with the provisions of Sections 198, 309, 310, 314 and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "The Act") read with Article 117 of the Articles of Association of the Company and subject to such approvals as may be required, the Directors (including the alternate Directors) who are neither in the whole-time employment of the Company nor the Managing Director(s) of the Company be paid with effect from 1st April, 2013 in respect of each financial year of the Company for a period of five financial years ending 31st March, 2018, remuneration by way of commission not exceeding an amount equal to 1% of the net profits of the Company as computed under Section 349 of the Companies Act, 1956.
- RESOLVED FURTHER that the Board of Directors be and is hereby authorised to decide, from time to time, the quantum and manner of distribution of commission amount to one or more Directors within the limits prescribed.
- RESOLVED FURTHER that the aforesaid commission shall be exclusive of the fees payable to such Directors for attending the Meetings of the Board and Committees thereof.
- RESOLVED FURTHER that consent of the Company be and the same is hereby accorded for payment of the aforesaid commission to such Directors who may be relatives/partners of other Directors.
- RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take all such steps as may be necessary, desirable or expedient to give effect to this Resolution

By Order of the Board

Chennai.
30th April, 2013

C.Subramaniam
Company Secretary

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for or against a resolution instead of himself/ herself. Such proxy need not be a member of the Company. 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 173 (2) of the Companies Act, 1956 for item nos. 4 to 10 of the Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 13th July, 2013 to 24th July, 2013 (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), not later than 13th July, 2013, of 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 2004-05 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 Ministry of Corporate Affairs(MCA) has taken a "Green Initiative in Corporate Governance" (Circular No.17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliance by Companies through electronic mode. Companies are now permitted to send various notices / documents to its shareholders through electronic mode to the registered email addresses of shareholders. The Company is sending all documents like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report, etc., in electronic form to shareholders, to their e-mail address provided by them and made available to us by the Depositories. In case they desire to receive the above mentioned documents in electronic form they are requested to contact the Company or the Company's Registrar and Transfer Agent mentioning their client ID and latest e-mail address.

By Order of the Board

Chennai.
30th April, 2013

C.Subramaniam
Company Secretary

ANNEXURE TO THE NOTICE

Details of the Directors seeking appointment at the 40th Annual General Meeting vide item nos. 4 to 9 of the notice dated 30th April, 2013

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

The resume in brief and other details of the Directors, whose appointment is for the consideration of the members at the ensuing 40th 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 the member of Audit Committee of the Company.

Details of other Directorships and memberships in Audit and Shareholders'/Investors' Grievance Committee held by Mr. Murugappan are as follows:

Chairman Carborundum Universal Ltd. Wendt India Ltd. Murugappa Morgan Thermal Ceramics Ltd. MEL Systems & 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. Vice Chairman Murugappa Holdings Ltd. Director Mahindra and Mahindra Ltd. Infotech Enterprises Ltd. Ambadi Investments Private Ltd. M M Muthiah Research Foundation New Ambadi Estates Pvt. Ltd. iDea Lab (India) Pvt. Ltd.	Committee Membership Audit Committee Chairman Infotech Enterprises Ltd. Member Mahindra and Mahindra Ltd. Shareholders'/Investors' Grievance Committee Chairman Carborundum Universal Ltd. Wendt India Ltd. Tube Investments of India Ltd.
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Mr. M M Murugappan does not hold any equity shares of the Company

Mr. L Ramkumar

Mr. L Ramkumar is a Cost Accountant and has a Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad.

Mr. L Ramkumar is the Chairman of the Shareholders'/Investors' Grievance Committee of the Company.

Details of other Directorships and memberships in Audit and Shareholders'/Investors' Grievance Committee held by Mr. L Ramkumar are as follows:

Chairman TI Financial Holdings Ltd. Director Tube Investments of India Ltd Cholamandalam Investment and Finance Co., Ltd	Committee Membership Shareholders'/Investors' Grievance Committee Member Tube Investments of India Ltd
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Mr. L Ramkumar 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 the Chairman of Audit Committee and a member of Shareholders'/Investors' Grievance Committee of the Company.

Details of other Directorships and memberships in Audit and Shareholders'/Investors' Grievance Committee held by Mr. C R Swaminathan are as follows:

Director	Committee Membership
Pricol Ltd. Magna Electrocastings Ltd. Chandra Textiles P. Ltd. Rajalakshmi Machine Works P. Ltd Bull Machines P. Ltd.	Audit Committee Member Pricol 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 a member of the Audit Committee of the Company.

Details of other Directorships and memberships in Audit and Shareholders'/Investors' Grievance Committee held by Mr. J Balamurugan are as follows:

Director	Committee Membership
Nextgen Communications Ltd. Gama Industries Coimbatore Ltd. Confidign Solutions P.Ltd. 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.	Nil

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 a member of the Audit Committee of the Company.

Details of other Directorships and memberships in Audit and Shareholders'/Investors' Grievance Committee held by Mr. V. Venkiteswaran are as follows:

Director	Committee Membership
Coromandel Engineering Company Ltd..	Audit Committee Member Coromandel Engineering Company Ltd.

Mr. V Venkiteswaran holds 5000 equity shares of the Company

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

Item No.4

Mr. M M Murugappan was appointed as an Additional Director of the Company by the Board of Directors at the meeting held on 3rd September, 2012.

As per the provisions of Section 260 of the Companies Act, 1956 read with Article 114 of the Articles of Association of the Company, Mr. M M Murugappan will hold office upto the date of this Annual General Meeting. A Notice proposing his candidature for appointment as Director under Section 257 of the Companies Act, 1956, together with the requisite deposit, has been received from a Member.

The Board commends the election of Mr. M M Murugappan, as Director, for the approval of Members as his knowledge and experience will immensely benefit the Company.

Except Mr. M M Murugappan, none of the Directors of the Company is interested or concerned in this resolution.

Item No.5

Mr. L Ramkumar was appointed as an Additional Director of the Company by the Board of Directors at the meeting held on 3rd September, 2012.

As per the provisions of Section 260 of the Companies Act, 1956 read with Article 114 of the Articles of Association of the Company, Mr. L Ramkumar will hold office upto the date of this Annual General Meeting. A Notice proposing his candidature for appointment as Director under Section 257 of the Companies Act, 1956, together with the requisite deposit, has been received from a Member.

The Board commends the election of Mr. L Ramkumar, as Director, for the approval of Members as his knowledge and experience will immensely benefit the Company.

Except Mr. L Ramkumar, none of the Directors of the Company is interested or concerned in this resolution.

Item No.6

Mr. C R Swaminathan was appointed as an Additional Director of the Company by the Board of Directors at the meeting held on 3rd September, 2012.

As per the provisions of Section 260 of the Companies Act, 1956 read with Article 114 of the Articles of Association of the Company, Mr. C R Swaminathan will hold office upto the date of this Annual General Meeting. A Notice proposing his candidature for appointment as Director under Section 257 of the Companies Act, 1956, together with the requisite deposit, has been received from a Member.

The Board commends the election of Mr. C R Swaminathan, as Director, for the approval of Members as his knowledge and experience will immensely benefit the Company.

Except Mr. C R Swaminathan, none of the Directors of the Company is interested or concerned in this resolution.

Item No.7

Mr. J Balamurugan was appointed as an Additional Director of the Company by the Board of Directors at the meeting held on 3rd September, 2012.

As per the provisions of Section 260 of the Companies Act, 1956 read with Article 114 of the Articles of Association of the Company, Mr. J Balamurugan will hold office upto the date of this Annual General Meeting. A Notice proposing his candidature for appointment as Director under Section 257 of the Companies Act, 1956, together with the requisite deposit, has been received from a Member.

The Board commends the election of Mr. J Balamurugan, as Director, for the approval of Members as his knowledge and experience will immensely benefit the Company.

Except Mr. J Balamurugan, none of the Directors of the Company is interested or concerned in this resolution.

Item No.8

Dr. Sreeram Srinivasan was appointed as an Additional Director of the Company by the Board of Directors at the meeting held on 3rd September, 2012.

As per the provisions of Section 260 of the Companies Act, 1956 read with Article 114 of the Articles of Association of the Company, Dr. Sreeram Srinivasan will hold office upto the date of this Annual General Meeting. A Notice proposing his candidature for appointment as Director under Section 257 of the Companies Act, 1956, together with the requisite deposit, has been received from a Member.

The Board commends the election of Dr. Sreeram Srinivasan, as Director, for the approval of Members as his knowledge and experience will immensely benefit the Company.

Except Dr. Sreeram Srinivasan, none of the Directors of the Company is interested or concerned in this resolution.

Item No.9

Mr. V Venkiteswaran was appointed as an Additional Director of the Company by the Board of Directors at the meeting held on 30th January, 2013.

As per the provisions of Section 260 of the Companies Act, 1956 read with Article 114 of the Articles of Association of the Company, Mr. V Venkiteswaran will hold office upto the date of this Annual General Meeting. Notice proposing his candidature for appointment as Director under Section 257 of the Companies Act, 1956, together with the requisite deposit, has been received from a Member.

The Board commends the election of Mr. V Venkiteswaran, as Director, for the approval of Members as his knowledge and experience will immensely benefit the Company.

Except Mr. V Venkiteswaran, none of the Directors of the Company is interested or concerned in this resolution.

Item No.10

Dr. Sreeram Srinivasan holds a B.Tech. degree from IIT, Madras and also holds a MS and Ph.D from NC State University, Raleigh, USA. He has over two and a half decades of rich and varied experience, having worked for several leading multi-national and Indian companies.

The Board of Directors of the Company at the meeting held on 3rd September, 2012, on the recommendation of the Remuneration Committee, appointed Dr. Sreeram Srinivasan as President & Executive Director of the Company for a period of 3 years, with effect from 3rd September, 2012.

The terms of Dr.Sreeram Srinivasan's appointment as President & Executive Director are:

a) Remuneration:

Dr. Sreeram Srinivasan shall not be entitled to remuneration for the services rendered/ to be rendered by him as the President & Executive Director of the Company. He will be entitled to be reimbursed of actual expenses, if any, incurred by him in connection with and in the course of the business of the Company.

b) Other terms of appointment:

i) Dr. Sreeram Srinivasan as President & Executive Director of the Company is vested with substantial powers of management, which he shall exercise subject to the superintendence, control and direction of the Board of Directors.

ii) Dr. Sreeram Srinivasan is not liable to retire by rotation.

Except Dr. Sreeram Srinivasan, none of the Directors of the Company is interested or concerned in this resolution.

Item No.11

The role of non-whole time Directors is significant in achieving good performance and establishment of good governance. The responsibility of the non-whole time Directors have increased in many fold. There is a greater demand on the non-whole time Directors in terms of time and preparation for the Board and Committee meetings. Keeping in view the requirement in terms of time and quality on the part of the non-whole time Directors, it is necessary to remunerate them appropriately.

Approval of the members is sought for authorising the payment of remuneration by way of commission to the Non-whole time Directors (other than Managing Director / whole time directors but including alternate Directors) not exceeding 1% of the net profits of the Company for a period of five financial years commencing from 1st April, 2013 in the manner stated in the Special Resolution.

Accordingly, the Special Resolution set out under Item No.11 of the Notice is submitted to the Meeting.

Interest of Directors.

The All the Directors, other than Mr. L Ramkumar and Dr. Sreeram Srinivasan, President & Executive Director, are interested in the Resolution.

By Order of the Board

Chennai.
30th April, 2013

C.Subramaniam
Company Secretary