SHRIRAM CITY UNION FINANCE LIMITED

Regd Office : 123 Angappa Naicken Street, Chennai 600001

NOTICE OF THE EXTRAORDINARY GENERAL MEETING OF THE SHAREHOLDERS

Notice is hereby given that an Extraordinary General Meeting of the shareholders of the Company will be held on **Saturday**, the **24th** March, 2012 at Sri Krishna Gana Sabha, No 20, Maharajapuram Santhanam Salai, T Nagar, Chennai 600 017 at 11.00 a.m. to transact the following businesses:

SPECIAL BUSINESS

ITEM NO 1. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION.

RESOLVED THAT pursuant to Sections 16, 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Capital of the Company be increased from Rs. 100,00,00,000 (Rupees One Hundred Crores Only) divided into 6,00,00,000 Equity Shares of Rs. 10/-(Rupees Ten Only) each and 40,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred Only) each to Rs. 140,00,00,000 (Rupees One Hundred Forty Crores Only) divided into 10,00,00,000 Equity Shares of Rs. 10/-(Rupees Ten Only) each and 40,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred Only) each and consequently the existing clause V of the Memorandum of Association of the Company relating to Share Capital be and is hereby altered to read as follows:

V "The Authorised Capital of the Company is Rs. 140,00,00,000 (Rupees One Hundred and Forty Crores Only) divided into 10,00,00,000 (Ten Crores Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 40,00,000 (Forty Lakhs Only) Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred Only) each with the power to issue the new Shares upon such terms and conditions and to attach thereto such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Companies Act, 1956 and to vary, modify, amalgamate, abrogate any such rights, privileges, conditions in such manner as may be provided by the Companies Act, 1956".

SPECIAL BUSINESS

ITEM NO 2. To consider and if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION.

RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) and re-enactment thereof for the time being in force) and provisions of other statutes, as applicable and subject to such other approvals, consents, permissions, and sanctions as may be necessary from the appropriate authorities, or bodies, Article 6 of the Articles of Association of the Company be and is hereby altered to read as follows:

Article 6 "The Authorised Capital of the Company is Rs. 140,00,00,000 (Rupees One Hundred and Forty Crores Only) divided into 10,00,00,000 (Ten Crores Only) Equity Shares of Rs. 10/- (Rupees

Ten Only) each and 40,00,000 (Forty Lakhs Only) Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred Only) each with the power to issue the new shares upon such terms and conditions and to attach thereto such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Companies Act, 1956 and to vary, modify, amalgamate, abrogate any such rights, privileges, conditions in such manner as may be provided by the Companies Act, 1956".

SPECIAL BUSINESS

ITEM NO 3. 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

1. the provisions of Section 81(1A) and all other provisions applicable, if any, of the Companies Act, 1956 (the Act) including any statutory modifications or re-enactments thereof for the time being in force,

2. the provisions of the Memorandum and Articles of Association of the Company,

3. the provisions of any rules/regulations/guidelines framed/issued by the Securities and Exchange Board of India **("SEBI")** (including any amendments thereto or any re-enactment thereof for the time being in force),

4. the provisions of the Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed.

   and subject to

5. the applicable statutes, guidelines, regulations, approvals, consents, permissions or sanctions of the Central Government, the Reserve Bank of India **("RBI")**, SEBI, Stock Exchanges and any other appropriate and / or concerned authorities, institutions or bodies (the "Approvals") ; and

6. such conditions or modifications as may be prescribed by any of them while granting any such Approvals, which may be agreed to, in its sole discretion, by the Board of Directors of the Company (hereinafter called **"the Board"** which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute from time to time to exercise its powers including the power conferred by this resolution);

consent of the Company be and is hereby accorded to the Board to offer, issue and allot, the following Equity Shares and Warrants convertible into Equity Shares on preferential basis under Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 to the following entity.

a) Upto 23,00,000 Equity Shares of Rs.10/- each to Shriram Capital Limited for cash at a price of Rs.570/- per Equity Share (including a premium of Rs 560/- per Equity Share) being a price higher than the price determined as per Regulation 76(1) of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

b) Upto 59,00,000 Warrants to Shriram Capital Limited at a subscription price of not less than Rs.143/- for each Warrant conferring an option to the holder to subscribe to one Equity Share per Warrant at an exercise price of Rs.570/- per Warrant, being a price higher than the price determined as per Regulation 76(1) of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. As per Regulation 75 of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 the tenure of the convertible securities shall not exceed 18 months from the date of their allotment.

The Relevant Date in accordance with the provisions of Regulation 71(a) of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 on the basis of which the minimum price of the Equity Shares shall be determined, shall be 30 days prior to the passing of this resolution i.e. February 23, 2012 ("Relevant Date");

RESOLVED FURTHER THAT

i) The Equity Shares as may be issued and allotted in accordance with the terms of the relevant offering, shall rank pari passu with the then existing Equity Shares in the Company in all respects, including in respect of dividend;

ii) For the purpose of giving effect to the foregoing and 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, the Board be and is hereby authorized for and on behalf of the Company:

a. to enter into and execute all such agreements/arrangements as the case may be with any authorities / agencies, listing of the shares / securities on Exchange (s);

b. to settle any questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of securities and utilization of the issue proceeds as it may in its absolute discretion deem fit,

c. to do all such acts, deeds, matters and things as the Board may at its sole discretion deem fit, necessary or desirable for such purpose, including without limitation the drafting, finalization, entering into and execution of any arrangements or agreements with the allottees including but not limited to the shareholders' agreement/s;

d. to delegate from time to time, all or any of the powers conferred herein upon the Board to any Committee of the Board or the Managing Director or any other Director or any other Officer or Officers of the Company.

By Order of the Board
For Shriram City Union Finance Limited

Place : Chennai
Date : 27th February, 2012

R KANNAN
Managing Director

NOTES:

1) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is attached hereto.

2) All documents (including the certificate of Chartered Accountants, the statutory auditors of the Company, the Memorandum and Articles of Association of the Company referred to in the Explanatory Statement are open for inspection by the members at the Registered Office of the Company on any working days between 10.00 a.m and 2.00 p.m up to the date of the Extra-Ordinary General Meeting.

3) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself. The proxy need not be a member of the Company. A blank proxy form is enclosed. The proxy form duly stamped and executed should be deposited at the office of the Share Transfer Agent at Integrated Enterprises (India) Ltd, 2nd Floor, Kences Towers, No.1 Ramakrishna Street, Off. North Usman Road, T. Nagar, Chennai - 600 017 at least forty-eight hours before the time fixed for the commencement of the meeting.

4) Members are requested to notify change in address, if any, in case of shares held in Electronic form to the concerned Depository Participant quoting their ID No. and in case of physical shares to the Share Transfer Agents quoting their folio numbers.

5) Members/Proxy holders are requested to produce at the entrance, the attached admission slip for admission to the meeting hall. Duplicate admission slips will not be provided at the hall.

6) The Members who hold shares in physical form are requested to intimate/update the email address to the Company/Share Transfer Agent while Members holding shares in demat form can intimate/ update their e-mail address with their respective Depository Participants.

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

ITEM NO.1

The present Authorised Capital of the Company is Rs.100,00,00,000 divided into 6,00,00,000 (Six Crores only) equity Shares of Rs. 10/- each and 40,00,000 (Forty lakhs only) Cumulative Redeemable Preference Shares of Rs. 100/- each. To accommodate further issue of Equity Shares in the normal course of business in future, the existing Authorised Capital needs to be enhanced.

Consequent to increase of Authorised Capital, necessary amendments to the Capital Clause in the Memorandum of Association will have to be suitably made and accordingly, the amendments are set out under item No. 1 of the Notice for approval of the Shareholders.

No Director of the Company is in any way, concerned or interested in the proposed Resolution.

ITEM NO.2

The proposed amendment to Article 6 of the Articles of Association is consequential to the Increase in Authorised Capital of the Company.

Section 31 of the Companies Act requires a Special Resolution to be passed for any amendment to the Articles of Association.

No Director of the Company is in any way, concerned or interested in the proposed Resolution.

ITEM NO. 3

Your Company is going through a buoyant growth cycle and needs more of own funds to augment its working capital for growth, capital expenditure and for other corporate purposes and for meeting Capital Reserve and Adequacy requirements of Reserve Bank of India.

It is, therefore, proposed to raise further capital by way of a preferential issue of Equity Shares and Warrants as per Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Your Board at its meeting held on 27th February, 2012, subject to approval by the Company in General Meeting and requisite statutory approvals, has proposed to offer for subscription by way of preferential allotment

a) Upto 23,00,000 Equity Shares of Rs.10/- each to Shriram Capital Limited for cash at a price of Rs.570/- per Equity Share (including a premium of Rs 560/- per Equity Share) being a price higher than the price determined as per Regulation 76(1) of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

b) Upto 59,00,000 Warrants to Shriram Capital Limited at a subscription price of not less than Rs. 143/- for each Warrant conferring an option to the holder to subscribe to one Equity Share per Warrant at an exercise price of Rs.570/- per Warrant, being a price higher than the price determined as per Regulation 76(1) of Chapter VII of the Securities and Exchange Board of

India (Issue of Capital and Disclosure Requirements) Regulations, 2009. As per Regulation 75 of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 the tenure of the convertible securities shall not exceed 18 months from the date of their allotment.

As per Regulation 76(1) of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, an issue of equity shares and warrants on a preferential basis can be made only at a price, which is not less than the higher of the following :-

(i) The average of the weekly high and low of the closing prices of the related equity shares quoted on the recognised stock exchange during the six months preceding the relevant date; or

(ii) The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.

The **"Relevant Date"** for the preferential offer also means the date thirty days prior to the date on which this Extra Ordinary General Meeting of the Company is held, to consider amongst others, the proposed preferential offer under Section 81(1A) of the Act. Accordingly the "Relevant Date" for the preferential offer is 23rd February, 2012. For this purpose also, stock exchange means National Stock Exchange of India Limited in which the highest trading volume in the company's shares has been recorded during the two weeks immediately preceding the relevant date. The average price as computed on the above basis during the six months preceding the Relevant Date is Rs. 521.69 per equity share where as during the two weeks preceding the Relevant Date is Rs.567.04 per equity share.

As against this, the Equity Shares of the Company being subscribed to by Shriram Capital Limited is proposed to be issued at Rs.570/- per Equity Share and the Warrants are proposed to be issued at a subscription price of not less than Rs. 143/- for each Warrant which shall be convertible into Equity Shares at a price of Rs. 570 per Equity Share, as stated in Resolution No.3. The Equity Shares of the Company to be allotted shall be subject to the Memorandum and Articles of Association of the Company and the terms of the issue.

The consummation of the proposed subscription of equity Shares and Warrants by Shriram Capital Limited is subject to approval from any governmental / or regulatory authorities etc., if required and / or as applicable.

The Board believes that the preferential offer to Shriram Capital Limited will be in the best interest of the Company and its Members.

As per regulation 73(1) & (2) of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the other required details are furnished as under.

Objects of the preferential issue

Your Company is going through a buoyant growth cycle and needs more of own funds to augment its working capital for growth, capital expenditure and for other corporate purposes and for meeting Capital Reserve and Adequacy requirements of Reserve Bank of India.

Intention of the Promoters / Directors / Key management persons to subscribe to the offer

Shriram Retail Holdings Private Limited and Shriram Enterprise Holding Private Limited are the Promoters of the Company. Shriram Capital Ltd is the Holding Company for Shriram Retail Holdings Private Limited and for Shriram Enterprise Holdings Private Limited

The Promoter Group would be subscribing to the preferential Issue authorised by the resolution. None of the Directors / Key management persons of the Company would be subscribing to the preferential issue authorised by the resolution.

Shareholding Pattern before and after the issue

The Figures in the following Table are as on 31st December, 2011 and excludes subsequent transfers and allotments. (As of 31st December 2011)

Particulars	Pre offer Share-holding	%	Prefer-ential Offer	Post offer Shares	%	Post offer including conversion of warrants issued under Item No. 3	%
I. Promoters and Promoter Group							
Shiram Capital Limited			2,300,000	2,300,000	4.41	8,200,000	14.12
Shriram Enterprise Holdings Private Limited	17,921,462	35.93		17,921,462	34.34	17,921,462	30.85
Shriram Retail Holdings Private Limited	8,556,201	17.15		8,556,201	16.40	8,556,201	14.73
SUB TOTAL (I)	**26,477,663**	**53.08**		**28,777,663**	**55.15**	**34,677,663**	**59.70**
II. Non Promoters							
a. Mutual funds	42,588	0.09		42,588	0.08	42,588	0.07
b. Banks	100,125	0.20		100,125	0.19	100,125	0.17
c. Corporate Bodies	192,873	0.39		192,873	0.37	192,873	0.33
d. NRI	26,519	0.05		26,519	0.05	26,519	0.05
e. FII	7,684,601	15.40		7,684,601	14.73	7,684,601	13.23
f. Foreign companies	10,300,000	20.65		10,300,000	19.74	10,300,000	17.73
g. Public including Clearing Members and Trust	5,059,590	10.14		5,059,590	9.70	5,059,590	8.71
SUB TOTAL (II)	**23,406,296**	**46.92**		**23,406,296**	**44.85**	**23,406,296**	**40.30**
TOTAL (I +II)	**49,883,959**	**100**		**52,183,959**	**100**	**58,083,959**	**100**

The voting rights will change in tandem with the change in shareholding pattern.

Notes:

1. The figures shown in the above table assumes the following:
   a. The issue and allotment of all the Equity Shares and Convertible Warrants to Shriram Capital Limited is mentioned in the resolution at Item No.3.
   b. Shriram Capital Limited would exercise the option to convert their entire 59,00,000 Warrants to which they may be entitled.
   c. The holdings of other shareholders do not change.
2. The share holding pattern do not take into consideration any securities that may be allotted to the employees of the Company on exercise by them of the options granted to them under the Company's Employee Stock Option Plan.

Proposed time within which the allotment shall be completed

The allotment of the Equity Shares are proposed to be completed within 15 days of the date of passing of the above resolutions at the general meeting, provided that where the allotment is pending on account of pendency of any regulatory authority or Central Government approval(s), the allotment shall be completed within 15 days from the date of receipt of such approval(s).

Auditor's Certificate

A Certificate, from M/s. Pijush Gupta & Co., Firm Registration No. 309015E Chartered Accountants, , Statutory Auditors of the Company, certifying that the issue of shares by way of the proposed preferential allotment is being made in accordance with the requirement of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 shall be placed before the shareholders at the Extraordinary General Meeting.

Lock-in

The Shares to be allotted on preferential basis to the investors shall be subject to the Lock-in periods as applicable in accordance with Regulation 78(1) of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them

(i)	**Name of the Proposed Allottee**	Shriram Capital Limited
(ii)	**Details of the proposed allottee**	Shriram Capital Limited Regd. Office: 123, Angappa Naicken Street, Chennai - 600 001
(iii)	**No. of shares and percentage held by the proposed allottee prior to preferential issue**	Shriram Capital Limited - NIL

(iv)	**No. of shares and percentage of post preferential issue capital that may be held by the proposed allottee**	Shriram Capital Limited - Upto 23,00,000 Equtiy Shares of Rs.10/- each (4.41%) and Upto 59,00,000 Warrants of Rs.570/- each convertible into equity shares. Aggregating to 82,00,000 equity shares of Rs.10/- each (14.12%)

Notes:

1. The figures shown in the above table assumes the following:
   a. The issue and allotment of all the Equity Shares and convertible Warrants to Shriram Capital Limited is mentioned in the resolutions at Item No.3.
   b. Shriram Capital Limited would exercise the option to convert their entire 59,00,000 Warrants to which they may be entitled.
   c. The holdings of other shareholders do not change.
2. The share holding pattern do not take into consideration any securities that may be allotted to the employees of the Company on exercise by them of the options granted to them under the Company's Employee Stock Option Plan.

Undertaking

The Board of Directors of the Company undertake that there is no need for the Company to re-compute the price of the specified securities in terms of the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 .

The proposed allotment of the Equity Shares and Warrants on a preferential basis, if made, will not result in change in the management or control of the Company as per the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

The Company is taking necessary steps to obtain the requisite approval/s from the regulatory authorities, as may be applicable, for the proposed investment.

Section 81(1A) of the Companies Act, 1956, provides, inter alia, that such further shares may be offered to any persons whether or not such persons are existing holders of equity shares of the company as on the date of offer by way of a Special Resolution passed to that effect by the company in General Meeting. The Listing Agreements executed by the Company with the various Stock Exchanges also provide that the Company shall issue or offer in the first instance all Securities to the existing equity shareholders of the Company unless the Shareholders decide otherwise.

Accordingly, the consent of the shareholders is being sought, pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956, Regulation 74(1) of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments thereof, and in terms of the provisions of the Listing Agreements, and such other approvals as may be necessary, to issue and allot securities as stated in the Special Resolution.

The proposed Special Resolution gives (a) adequate flexibility and discretion to the Board to finalise the terms of the issue in accordance with the normal practice, (b) powers to issue and market any securities; and (c) for utilization of the issue proceeds as the Board may deem fit, without being required to seek any further consent or approvals of the Members or otherwise, with the intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

The proposed issue of securities is in the interest of the Company and your Directors recommend the passing of the resolution under this item as a Special Resolution.

No other Director of the Company is in any way, concerned or interested in the proposed Resolution except Sri Arun Duggal, Sri G S Sundararajan, and Sri Puneet Bhatia.

By Order of the Board
For Shriram City Union Finance Limited

Place : Chennai
Date : 27th February, 2012

R KANNAN
Managing Director

SHRIRAM CITY UNION FINANCE LIMITED

Regd Office : 123 Angappa Naicken Street, Chennai 600001

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

I/We hereby record my/our presence at the Extraordinary General Meeting of the Company to be held on Saturday, the 24th day of March, 2012 at Krishna Gana Sabha, Maharajapuram, Santhanam Salai, T.Nagar, Chennai 600 017 at 11.00 A M :

Full Name of the Member :

Regd. Folio No. :

No. of shares held :

Full Name of the Proxy (in Block Letters) : ……..

Signatures of the Member(s) or
Proxy/Proxies present : …….

Please complete and sign this attendance slip and hand it over at the entrance of the meeting hall. Only Member(s) or their proxies with this attendance slip will be allowed entry to the Meeting. Duplicate slips will not be issued at the entrance.

Please Tear Here

Please Tear Here

SHRIRAM CITY UNION FINANCE LIMITED

Regd Office : 123 Angappa Naicken Street, Chennai 600001

PROXY FORM

I/We ……, having office …….. at being a member of Shriram City Union Finance Limited and holding …… Equity shares in the Capital of the Company (Regd. Folio No. : ……..) hereby appoint ……. of …… or failing him/her …… of …….. as my/our proxy to attend and vote for me/us on my/our behalf at the Extra Ordinary General Meeting of the Company to be held on Saturday, the 24th day of March 2012 at Krishna Gana Sabha, Maharajapuram, Santhanam Salai, T.Nagar Chennai 600 017 at 11.00 A M and at any adjournment thereof.

Affix
Revenue
Stamp

Signed ……day of ……2012.

Note

The form should be signed across the stamp as per specimen signatures registered with the Company.