

CHOLAMANDALAM DBS FINANCE LIMITED

REGD.OFFICE: "DARE HOUSE", NO.2, N.S.C. BOSE ROAD,PARRYS, CHENNAI – 600 001

RESULTS OF THE RESOLUTIONS PASSED THROUGH POSTAL BALLOT, PURSUANT TO SECTION 192A OF THE COMPANIES ACT, 1956 WITH REGARD TO THE ITEMS AS SET OUT IN THE NOTICE OF THE POSTAL BALLOT DATED 30TH JANUARY 2009 OF CHOLAMANDALAM DBS FINANCE LIMITED

The Board of Directors at their meeting held on 30th January 2009 had given their approval for increase in the authorised share capital of the Company, issue of 1% 3,00,00,000 fully convertible cumulative preference shares to some of the existing promoters on preferential basis, utilization of a sum not exceeding Rs.323.53 crores from the securities premium account for capital reduction purposes and consequential amendments to the memorandum and articles of association of the Company. The said proposals were subject to the shareholders approval.

The Board of Directors had approved seeking the approval of the shareholders for the above purposes vide a postal ballot under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

Accordingly, a notice of postal ballot dated 30th January 2009 was sent to the shareholders on 2nd February 2009 for their consideration along with the draft resolutions, explanatory statement and postal ballot form. Mr. R Sridharan, Practising Company Secretary was appointed as the scrutinizer for conducting the postal ballot process in a fair and transparent manner. The last date for receipt of the postal ballot forms duly completed by the shareholders was fixed as the closing of working hours of 4th March 2009.

The scrutinizer has submitted his report on the postal ballot to the undersigned on 5th March 2009 and the undersigned has announced the same to the shareholders on 5th March 2009 at 10.30 a.m at the registered office of the Company. The said results are given below:

I. ITEM NO.1 OF THE NOTICE**ORDINARY RESOLUTION**

RESOLVED THAT pursuant to section 94 and all other applicable provisions of the Companies Act, 1956 and such other approvals as may be required, the Authorised Share Capital of the Company be and is hereby increased from Rs.200,00,00,000/- (Rupees Two Hundred Crores only) to Rs.400,00,00,000/- (Rupees Four Hundred Crores only) divided into 10,00,00,000 (Ten Crores) equity shares of Rs. 10/- (Rupees Ten only) each and 300,00,000 (Three Crores) redeemable preference shares of Rs.100/- (Rupees One Hundred only) each.

RESULTS:

Particulars	No. of Ballots	No. of shares (Votes)	% on Total Shares (Votes) Received
Assent	915	5,08,41,701	99.82
Dissent	50	90,416	0.18
<i>Total</i>	965	5,09,32,117	100

As the number of votes cast in favour of the resolution was more than the number of votes cast against, the Ordinary Resolution under Section 94 of the Companies Act, 1956 with regard to the Item No. 1 as set out in the Notice of Postal Ballot dated 30th January 2009 pertaining to increase in the Authorised Share Capital of the Company from Rs.200 Crores to Rs.400 Crores, is passed in favour of the resolution with requisite majority.

II. ITEM NO.2 OF THE NOTICE

SPECIAL RESOLUTION

RESOLVED THAT pursuant to section 16 and all other applicable provisions of the Companies Act, 1956, the existing Clause V of the Memorandum of Association of the Company be and is hereby substituted with the following:

The Authorised Share Capital of the Company is Rs.400,00,00,000/- (Rupees Four Hundred Crores only) divided into 10,00,00,000 (Ten Crores) equity shares of Rs. 10/- (Rupees Ten only) each and 300,00,000 (Three Crores) redeemable preference shares of Rs.100/- (Rupees One Hundred only) each. The Company shall have power to increase the said capital and to issue any part of its capital, original or increased, with or without any preferential rights, privileges, conditions or advantages over or as compared with any shares previously issued or to be thereafter issued, whether in respect of dividend or repayment of capital or both and whether with any special rights of voting or without any right of voting and generally on such terms as the Company may from time to time determine, but so nevertheless that in the event of the capital of the Company (including the original capital) being or becoming divided into shares of different classes, the rights or privileges attached to any class, may be affected, altered, modified or dealt with only in accordance with the provisions in that behalf contained in the Articles of Association of the Company for the time being subject to the provisions of the Companies Act, 1956.

The Company shall have power from time to time to increase or reduce its capital. The shares forming the capital (original, increased or reduced) of the Company may be subdivided, consolidated or divided into such classes, with any preferential, deferred, qualified, special or other rights, privileges or conditions attached thereto and be held upon such terms as may be determined by the Articles of Association and Regulations of the Company for the time being or otherwise.

RESULTS:

Particulars	No. of Ballots	No. of shares (Votes)	% on Total Shares (Votes) Received
Assent	911	5,08,40,516	99.82
Dissent	54	91,601	0.18
Total	965	5,09,32,117	100

As the number of votes cast in favour of the resolution was three times more than the number of votes cast against, the Special Resolution under Section 16 of the Companies Act, 1956 with regard to the Item No.2 as set out in the Notice of Postal Ballot dated 30th January 2009 for amending the Capital Clause V of the Memorandum of Association of the Company to reflect the increase in the Authorised Share Capital, is passed in favour of the resolution with requisite majority.

III. ITEM NO.3 OF THE NOTICE

SPECIAL RESOLUTION

RESOLVED THAT pursuant to section 31 and all other applicable provisions of the Companies Act, 1956, the existing Article 5(a) of the Articles of Association of the Company be and is hereby substituted with the following:

The Authorised Share Capital of the Company is Rs.400,00,00,000/- (Rupees Four Hundred Crores only) divided into 10,00,00,000 (Ten Crores) equity shares of Rs. 10/- (Rupees Ten only) each and 300,00,000 (Three Crores) redeemable preference shares of Rs.100/- (Rupees One Hundred only) each. The Company shall have powers to increase, consolidate, subdivide, reduce or otherwise alter its share capital subject to the provisions of the Companies Act, 1956.

Further, the preference shares issued by the Company from time to time may be convertible or non-convertible, cumulative or non cumulative, participating or non participating as may be decided by the Board of Directors of the Company from time to time for each issue.

RESULTS:

Particulars	No. of Ballots	No. of shares (Votes)	% on Total Shares (Votes) Received
Assent	905	5,08,33,959	99.81
Dissent	60	98,158	0.19
Total	965	5,09,32,117	100

As the number of votes cast in favour of the resolution was three times more than the number of votes cast against, the Special Resolution under Section 31 of the Companies Act, 1956 with regard to the Item No.3 as set out in the Notice of Postal

Ballot dated 30th January 2009 for amending the Article 5(a) of the Articles of Association of the Company to reflect the increase in the Authorised Share Capital, is passed in favour of the resolution with requisite majority.

IV. ITEM NO.4 OF THE NOTICE

SPECIAL RESOLUTION

RESOLVED THAT in accordance with the provisions of Section 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment hereto or re-enactment thereof), the relevant provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the stock exchanges where the shares of the Company are listed and subject to all necessary statutory or regulatory approvals, consents, permissions and/ or sanctions as may be deemed necessary including without limitation approvals from the Government of India, Foreign Investment Promotion Board (FIPB), Reserve bank of India (RBI), Securities and Exchange Board of India (SEBI) and all other appropriate authorities, Institutions or Bodies and all other applicable laws, issued from time to time and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “**Board**”, which term shall include any committee thereof) consent, authority and approval of the Company be and is hereby accorded to the Board to offer, issue and allot 3,00,00,000 Fully Convertible Cumulative Preference Shares (FCCPS) of Rs.100/- each at par aggregating to Rs.300 Crores to the following existing promoters of the Company by way of private placement for a tenor not exceeding 18 months which will carry a preferential dividend of 1% per annum, cumulative and payable till the date of conversion into equity shares and the FCCPS held by the preference shareholders will get converted into equity shares of Rs.10/- each for cash at a premium at such price as may be determined by the Board in accordance with the Securities Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (“**SEBI DIP Guidelines**”), and such issue and allotment of equity shares resultant on conversion of the preference shares is to be made at such time or times as determined by the Board in such manner as the Board may in its absolute discretion think fit with the relevant date for the purpose of pricing of the resultant shares being the date thirty days prior to the date on which the Board decides to convert the preference shares and thereby the holder of the preference shares become entitled to the said equity shares and that the Board may finalise all matters incidental thereto as it may in its absolute discretion think fit.

Name of the Promoter/s	No of FCCPS	% of Issue Size	Issue Size (Rs.)
Tube Investments of India Ltd.	15,000,000	50.00	1,500,000,000
DBS Bank Ltd.	15,000,000	50.00	1,500,000,000
Total	30,000,000	100.00	3,000,000,000

RESOLVED FURTHER THAT Mr. M A Alagappan, Chairman, Mr. N Srinivasan, Director, Mr. D Arul Selvan, Vice President & Chief Financial Officer and Ms. P Sujatha, Company Secretary be and are hereby severally authorised to take such steps and do all such acts, deeds and things as is considered necessary, expedient, usual, proper or incidental in relation to the said matter and take such actions and give such directions as they may consider as necessary or desirable and to obtain any approvals, permissions, sanctions,

consents from SEBI, Stock Exchanges, FIPB, RBI and such other authorities which may be necessary or desirable in relation to the issue of FCCPS on preferential basis to give effect to this resolution .

RESOLVED FURTHER THAT

- a. all the equity shares resultant on conversion of the preference shares to be issued shall rank *pari passu* in all respects including entitlement for dividend with the existing equity shares of the Company;
- b. the Board be and is hereby authorised to decide and approve the other terms and conditions of the issue subject to agreement with the proposed allottees and also shall be entitled to vary, modify or alter any of the terms and conditions, as it may deem expedient, subject however to the compliance with the applicable guidelines, notification, rules and regulations;
- c. the Board be and is hereby authorised to accept any amendments, modifications, variations and alterations as the Government of India / RBI/ SEBI or any other regulatory authority may stipulate in that behalf and
- d. the Board be and is hereby authorised to delegate all or any of its powers to a Committee of Directors or Executives (as it may consider appropriate) to give effect to the aforesaid resolutions including to execute any documents on behalf of the Company before any governmental authority(ies) and to appoint any professional advisers/consultants/lawyers in that regard.

RESULTS:

Particulars	No. of Ballots	No. of shares (Votes)	% on Total Shares (Votes) Received
Assent	860	5,07,93,945	99.73
Dissent	105	1,38,172	0.27
Total	965	5,09,32,117	100

As the number of votes cast in favour of the resolution was three times more than the number of votes cast against, the Special Resolution under Section 81(1A) of the Companies Act, 1956 with regard to the Item No.4 as set out in the Notice of Postal Ballot dated 30th January 2009 pertaining to offer, issue and allot Fully Convertible Cumulative Preference Shares (FCCPS) aggregating to Rs. 300 Crores to the existing promoters of the Company on a preferential basis, is passed in favour of the resolution with requisite majority.

V. ITEM NO.5 OF THE NOTICE

SPECIAL RESOLUTION

RESOLVED THAT pursuant to section 31 and all other applicable provisions of the Companies Act, 1956, the existing Article 13 of the Articles of Association of the Company be and is hereby substituted with the following:

Subject to the provisions of these Articles, the Company may from time to time, by special resolution, reduce in any manner as authorised by Law:

- (a) its Share Capital;
- (b) its Securities Premium Account;
- (c) its Capital Redemption Reserve Account;
- (d) any Revaluation Reserve Account; or
- (e) any other Reserve as may be available.

RESULTS:

Particulars	No. of Ballots	No. of shares (Votes)	% on Total Shares (Votes) Received
Assent	867	5,08,59,744	99.86
Dissent	98	72,373	0.14
Total	965	5,09,32,117	100

As the number of votes cast in favour of the resolution was three times more than the number of votes cast against, the Special Resolution under Section 31 of the Companies Act, 1956 with regard to the Item No.5 as set out in the Notice of Postal Ballot dated 30th January 2009 to substitute the existing Article 13 of the Articles of Association of the Company with a new Article 13 to enable the Company to utilize the Securities Premium Account for capital reduction purposes, is passed in favour of the resolution with requisite majority.

VI. ITEM NO.6 OF THE NOTICE

SPECIAL RESOLUTION

RESOLVED THAT pursuant to the provisions of sections 78,100 to 103 and other applicable provisions, if any, (including any statutory modification or re-enactment thereof for the time being in force) of the Companies Act, 1956, Article 13 of the Articles of Association of the Company and subject to the confirmation of the Hon'ble High Court of Judicature at Madras and such other regulatory approvals as may be required, the approval of equity shareholders of the Company be and is hereby given to the reduction of the Securities Premium Account of the Company, to be effective as on 31 March 2009, for an amount not exceeding Rs. 323.53 Crores, being the balance available in the Securities Premium Account as at 31 March 2008 for:

- Utilising towards creating a Provision for standard assets for an amount not exceeding Rs.200 Crores, in respect of the existing standard assets in the books of accounts of the Company as at 31 March 2009, based on the provisioning norms approved by the Management for the various categories of loan portfolio.
- Adjustment of the write off of the bad debts / loan losses / other non-recoverable assets, if any, existing in the books of accounts of the Company as at 31 March 2009, whether provided for or not, for an amount not exceeding Rs.100 Crores. Provisions existing for such bad debts / loan losses / other non- recoverable assets, if available, as at 31 March 2009 will be credited back to the Profit & Loss Account on such write off of bad debts/ loan losses/ other non- recoverable assets.
- Setting off of the provision for diminution, other than temporary, if any, in the value of the investment made by the Company in one of its subsidiary companies, M/s. DBS

Cholamandalam Distribution Limited, and setting off the provision for doubtful receivables, if any, from the said Subsidiary in the books of accounts of the Company as at 31 March 2009 for an amount not exceeding Rs.23.53 Crores.

That such utilisation / adjustment / set off be made by withdrawal of such sums from the Securities Premium Account to the Standard Provision Account/ Bad Debts or Loss Assets Written Off Account / Provision for Diminution in the Value of Investments Account / Provision for Doubtful Receivables Account or any other appropriate account through the Profit & Loss Account of the Company, for a total amount not exceeding Rs 323.53 Crores being the balance available in the Securities Premium Account as at 31 March 2008. Further all other related adjustments as may be required, including tax adjustments and future reversals/ recoveries, if any, arising out of the same will also be routed through the Profit & Loss Account.

That the above adjustments be given effect to in the Annual Accounts of the Company for the financial year 2008-09, upon confirmation by the Hon'ble High Court of Judicature at Madras or any other appropriate statutory authorities and any other approval as may be required and registration by the Registrar of Companies, Chennai of the Order and the minute confirming the reduction.

That the results of the Company for the financial year 2008-09 determined after giving effect to the above adjustments would be considered for calculations and compliance with the sections 198/349 and other applicable provisions of the Companies Act, 1956 in respect of Managerial Remuneration.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions and for removal of any difficulties or doubts, the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any committee or person, which the Board may constitute / nominate to exercise its powers conferred under this Resolution) be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient and to settle any question or difficulty that may arise with regard to utilisation / adjustment / set off of the Securities Premium Account including passing of such accounting entries and / or making such other adjustments in the books of accounts of the Company as are considered necessary, to give effect to the above resolution or to carry out such modifications / directions as may be ordered by the Hon'ble High Court of Judicature at Madras to implement the aforesaid resolution.

RESOLVED FURTHER THAT in relation to reduction of Securities Premium Account, the officers identified and nominated by the Board be and are hereby severally authorized to take such steps and to do all such acts, deeds, matters and things as they may deem fit and proper for the conduct of the process and to execute and sign necessary documents, agreements, applications, petitions, affidavits to the regulatory and other authorities and to do all such acts, deeds, matters and things, as they may deem fit and proper, including appointment of Advocate(s), filing and verifying the petition, affirming affidavits and appearing in Courts and designate or authorize one or more persons for the above purposes.

RESOLVED FURTHER THAT in relation to reduction of Securities Premium Account, the above said officers shall also have the power to withdraw, in full or in part, effect modification and modify any applications made to the regulatory authorities or the High

Court/other authorities, should such action be considered necessary or as may be ordered by the High Court/other authorities.

RESULTS:

Particulars	No. of Ballots	No. of shares (Votes)	% on Total Shares (Votes) Received
Assent	842	5,08,56,784	99.85
Dissent	123	75,333	0.15
Total	965	5,09,32,117	100

As the number of votes cast in favour of the resolution was three times more than the number of votes cast against, the Special Resolution under Sections 78, 100 to 103 of the Companies Act, 1956 with regard to the Item No.6 as set out in the Notice of Postal Ballot dated 30th January 2009 for utilization of a sum not exceeding Rs.323.53 Crores being the balance available in the Securities Premium Account as at 31st March 2008 for capital reduction purposes, is passed in favour of the resolution with requisite majority.

For Cholamandalam DBS Finance Limited

5th March 2009

M A Alagappan
Chairman

