



MINUTES OF THE PROCEEDINGS OF THE 61ST ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF SUNDARAM FINANCE LIMITED HELD AT THE MUSIC ACADEMY, NEW NO.168, OLD NO.306, T.T.K. ROAD, CHENNAI 600014, ON WEDNESDAY, THE 23RD JULY 2014 AT 10.00 A.M.

PRESENT:

MEMBERS	:	2,013
PROXIES	:	50

		2,063

Sri S. Viji, occupied the Chair and called the meeting to order.

He informed the members that a certificate had been obtained from the statutory auditors regarding compliance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Secretary read the notice of the meeting.

The Secretary informed the shareholders that the Auditors' Report on the accounts for the year ended 31st March 2014, being an unqualified one (clean report), was not required to be read out at the Annual General Meeting as per the provisions of Section 145 of the Companies Act, 2013.

Sri S. Viji, Chairman, then delivered his Speech, highlighting the following points:

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- The non-coalition Government at the Centre for the first time in 30 years had been welcomed both within the country and internationally as a vote for stability.
- FDI inflows during the first four months had been better than the corresponding period last year, the Index of Industrial Production had turned positive, driven mainly by growth in manufacturing sector and CPI and WPI inflation for June dropped 100 basis points to 7.3% and 60 basis points to 5.4%, respectively.
- The extension of the lower excise duty benefit on automobiles, capital goods and consumer durables up to December this year is likely to have a salutary effect as well.
- In its maiden Budget, the new Government had signalled a number of directional changes to stabilise the economy, promote savings and boost investments, with a view to reviving economic growth.
- The Budget also emphasised the imperatives of industrial growth and employment creation.
- The proposal to raise the FDI ceiling in the Insurance and Defence sectors to 49% is also a welcome step.
- The Government has also signalled its intention to clear several of the stalled projects including highway projects, which augurs well for the infrastructure sector.

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- The company's disbursements during the year were lower by 3% at Rs.9719 Crores, reflecting the sharp and prolonged downturn in the automotive sector.
- Sale of Medium and Heavy commercial vehicles registered a steep fall of 25% compared to the previous year, while light commercial vehicle sales declined by 18%. Your company was however able to retain its market share in its key asset segments.
- Gross receivables managed by the Company, grew by 3% and stood at Rs.18158 cr. as at 31st March 2014.
- Gross and Net NPAs stood at 1.23% and 0.45%, respectively, based on the more stringent 120 day NPA classification norm adopted by your company, as against the regulatory norm of 180 days.
- Net profit from operations was Rs.442.51 cr. as against Rs.410.11 cr. in the previous year, registering a growth of 8%.
- Net-Worth stood at Rs.2404.92 cr. as on 31 March 2014, while the consolidated net profit and net worth stood at Rs.581.06 cr. and Rs.3080.23 cr. respectively, as at 31 March 2014.
- Net accretion to public deposits during the year 2013-14, was Rs.188.58 crores, the second highest ever in any financial year, taking the deposits outstanding at the year end to Rs.1665.57 cr.
- Directors recommended a dividend of Rs. 10 per share on paid-up capital of Rs. 111.10 cr.

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- The Company was recognised among India's Top 500 Companies by Dun & Bradstreet India for 2014.
- Improvement in sales of commercial vehicles, is still some time away. However, there appear to be a few early signs that the prolonged and severe slump in the commercial vehicle industry could be bottoming out.
- Sales of passenger cars and utility vehicles have also exhibited some buoyancy recently.
- The prospects for growth would hinge largely on the success of the new policy measures the government had announced in the budget, especially in the manufacturing sector and the speedy implementation of stalled infrastructure projects.
- Should there be an early revival in economic activity and an upturn in market sentiments, the auto industry could see a return to growth in the last quarter of 2014-15.
- The fiscal deficit has remained stubbornly high for the past few years and while the Government hopes to contain it at 4.1%, for the year, the task might yet prove to be very formidable.
- International crude oil prices have been volatile in the wake of the unrest in Iraq and could have a significant impact on domestic inflation. Finally, downside risks to growth have been further

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aggravated with predictions of a below normal monsoon, in the wake of the El Nino phenomenon.

- The progress of the Southwest monsoon, which set in late, has been rather tardy and could have a significant bearing on agricultural output this year.
- The Company would continue to focus on writing profitable business and maintaining asset quality, while awaiting the widely expected revival in the fortunes of the Indian economy. Consequently, growth in disbursements, if any, is only likely to be moderate during the year 2014-15.
- Sundaram Asset Management Company Limited reported a profit after tax of Rs.15.27 cr. and recommended a dividend on 30% for the year. The Average Assets under Management of the company was Rs. 15248 cr.
- Sundaram BNP Paribas Home Finance Limited reported a reported a 19% growth in profit after tax of Rs. 151 Cr. The loan portfolio stood at Rs. 7112 cr. as at 31st March 2014. The gross and net NPA stood at 1.53% and 0.46% respectively, as at 31st March 2014.
- Royal Sundaram reported a profit after tax of Rs.68.25 cr. during the year and Gross Written Premium (GWP) stood at Rs.1437 cr. The Government had announced its intention to increase the composite cap in the Insurance sector to 49 per cent from the current level of 26 per cent, with full Indian management and control, through the FIPB route. Your company awaits further developments in this regard.

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- The long pending demands of Asset financing NBFCs to be afforded parity with banks and Housing Finance Companies, in respect of differential risk weights for different asset classes, tax treatments of NPA provisions and income relating to NPA accounts and SARFEASI Act continued to fall on deaf ears.

After delivering his speech, Chairman informed the shareholders that in accordance with the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company had offered postal ballot and e-voting facilities to the shareholders and that the Scrutinizer, Sri T K Bhaskar had already submitted his report thereon on all resolutions.

Chairman advised the shareholders that they could seek clarifications, if any, on the audited accounts and on all other subjects, as well.

The queries raised by the members were replied by the Chairman, Managing Director, Secretary and Chief Financial Officer.

In order to provide an opportunity to those members who had not exercised e-voting / voting through postal ballot, Sri S Viji, in his capacity as Chairman, offered conduct of Poll by the Scrutinizer on all the resolutions. Chairman announced that those members who had not exercised their votes through e-voting / postal ballot voting could do so through the physical ballot paper in Form MGT 12 which would be made available to them.

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After conclusion of Poll, Chairman announced that the final results of the voting (after consolidating the result of e-voting, postal ballot and poll) would be announced to Stock Exchange and on the website of the Company before 5.30 p. m on 23rd July 2014.

The final results of the voting as announced to Stock Exchange and the resolutions passed are as under:

1. ADOPTION OF ACCOUNTS – ORDINARY RESOLUTION

	Postal Ballot	E-voting	Poll	Total
Number of valid votes received	5,08,10,645	1,11,73,949	5,22,875	6,25,07,469
Votes in favour of the Resolution	5,08,10,645	1,11,73,949	5,22,875	6,25,07,469
Votes against the Resolution	Nil	Nil	Nil	Nil
Number of invalid votes	72,419	Nil	4,233	76,652
% of votes in favour				100

“RESOLVED that the Audited Statements of Accounts of the Company for the year ended 31st March 2014 and the Directors' and Auditors' Reports thereon, be and are hereby approved and adopted.”

2. DECLARATION OF DIVIDEND – ORDINARY RESOLUTION

	Postal Ballot	E-voting	Poll	Total
Number of valid votes received	5,08,10,645	1,11,73,949	5,22,875	6,25,07,469
Votes in favour of the Resolution	5,08,10,645	1,11,73,949	5,22,875	6,25,07,469
Votes against the Resolution	Nil	Nil	Nil	Nil
Number of invalid votes	72,419	Nil	4,233	76,652
% of votes in favour				100

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"RESOLVED that a dividend of Rs.10/- per share (100% on the face value of Rs.10/-), as recommended by the Directors, be and is hereby declared for the year ended 31st March 2014 on the paid-up capital of Rs.111.10 cr. and the same be paid to shareholders whose names stand on the Register of Members of the Company on 8th July 2014 and that the dividend amount of Rs.111.10 cr. representing the said dividend of Rs.10/- per share (100% on the face value of Rs.10/-) be paid out of the profits for the year 2013-14.

**3. RE-ELECTION OF SRI S RAVINDRAN AS DIRECTOR –
ORDINARY RESOLUTION**

	Postal Ballot	E-voting	Poll	Total
Number of valid votes received	5,08,10,645	1,11,73,949	5,22,875	6,25,07,469
Votes in favour of the Resolution	5,08,04,760	1,11,24,961	5,22,875	6,24,52,596
Votes against the Resolution	5,885	48,988	Nil	54,873
Number of invalid votes	72,419	Nil	4,233	76,652
% of votes in favour				99.91

"RESOLVED that Sri S Ravindran (holding DIN:00045076), the retiring Director, be and is hereby re-elected as Director of the Company, liable for retirement by rotation."

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4. RE-ELECTION OF SRI HARSHA VIJI AS DIRECTOR- ORDINARY RESOLUTION

	Postal Ballot	E-voting	Poll	Total
Number of valid votes received	5,08,10,645	1,11,73,949	5,22,875	6,25,07,469
Votes in favour of the Resolution	5,08,08,852	1,11,39,289	5,22,875	6,24,71,016
Votes against the Resolution	1,793	34,660	Nil	36,453
Number of invalid votes	72,419	Nil	4,233	76,652
% of votes in favour				99.94

"RESOLVED that Sri Harsha Viji (holding DIN:00602484), the retiring Director, be and is hereby re-elected as Director of the Company, liable for retirement by rotation."

5. APPOINTMENT OF AUDITORS – ORDINARY RESOLUTION

	Postal Ballot	E-voting	Poll	Total
Number of valid votes received	5,08,10,645	1,11,73,949	4,79,752	6,24,64,346
Votes in favour of the Resolution	5,08,06,053	1,11,54,996	4,79,752	6,24,40,801
Votes against the Resolution	4,592	18,953	43,123	66,668
Number of invalid votes	72,419	Nil	4,233	76,652
% of votes in favour				99.89%

"RESOLVED that Messrs. Brahmayya & Company, Chartered Accountants, Chennai, (Registration No.000511S), the retiring Auditors, be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and that the statutory audit fee, payable to them, be fixed at Rs.48.00 lakhs, in addition to tax audit fee of Rs.12.00 lakhs, certification fee, service tax and reimbursement of travelling and other out-of-pocket expenses incurred by them in connection with the audit".

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**SPECIAL BUSINESS****6. APPOINTMENT OF SRI N VENKATARAMANI AS
INDEPENDENT DIRECTOR – ORDINARY RESOLUTION**

	Postal Ballot	E-voting	Poll	Total
Number of valid votes received	5,08,10,645	1,11,73,949	5,22,875	6,25,07,469
Votes in favour of the Resolution	5,05,02,807	73,45,723	5,22,875	5,83,71,405
Votes against the Resolution	3,07,838	38,28,226	Nil	41,36,064
Number of invalid votes	72,419	Nil	4233	76,652
% of votes in favour				93.38%

“RESOLVED that, pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013 and pursuant to Clause 49 of the Listing Agreement, Sri N Venkataramani (holding DIN: 00001639), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying the member's intention to propose Sri N Venkataramani as a director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to March 31, 2019, not liable to retire by rotation.

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**7. APPOINTMENT OF MS SHOBHANA RAMACHANDHRAN AS
INDEPENDENT DIRECTOR – ORDINARY RESOLUTION**

	Postal Ballot	E-voting	Poll	Total
Number of valid votes received	50810645	11173949	522875	6,25,07,469
Votes in favour of the Resolution	50797550	10919563	522875	6,22,39,988
Votes against the Resolution	13095	254386	Nil	2,67,481
Number of invalid votes	72419	Nil	4233	76,652
% of votes in favour				99.57

RESOLVED that, pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013 and pursuant to Clause 49 of the Listing Agreement, Ms Shobhana Ramachandhran (holding DIN:00273837), who was appointed as an Additional Director of the Company by the Board of Directors with effect from January 27, 2014 and who holds office until the date of the Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying the member's intention to propose Ms Shobhana Ramachandhran as a director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to March 31, 2019, not liable to retire by rotation.

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**8. APPOINTMENT OF SRI S MAHALINGAM AS INDEPENDENT DIRECTOR – ORDINARY RESOLUTION**

	Postal Ballot	E-voting	Poll	Total
Number of valid votes received	5,08,10,545	1,11,73,949	5,22,875	6,25,07,369
Votes in favour of the Resolution	5,07,97,852	1,11,73,509	5,22,875	6,24,94,236
Votes against the Resolution	12,693	440	Nil	13,133
Number of invalid votes	72,419	Nil	4,233	76,652
% of votes in favour				99.98%

RESOLVED that, pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013 and pursuant to Clause 49 of the Listing Agreement, Sri S Mahalingam (holding DIN: 00121727), who was appointed as an Additional Director of the Company by the Board of Directors with effect from May 26, 2014 and who holds office until the date of the AGM in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying the member's intention to propose Sri S Mahalingam as a director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to May 25, 2019, not liable to retire by rotation.

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**9. APPOINTMENT OF SRI A N RAJU AS DIRECTOR
(OPERATIONS) – ORDINARY RESOLUTION**

	Postal Ballot	E-voting	Poll	Total
Number of valid votes received	5,08,10,545	1,11,73,949	5,22,875	6,25,07,369
Votes in favour of the Resolution	5,07,94,220	1,11,73,949	5,22,875	6,24,91,044
Votes against the Resolution	16,325	Nil	Nil	16,325
Number of invalid votes	72,419	Nil	4,233	76,652
% of votes in favour				99.97%

RESOLVED that, pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Sri A N Raju (holding DIN:00036201), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st June 2014 and who holds office until the date of the Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying the member's intention to propose Sri A N Raju as a director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation.

FURTHER RESOLVED that in accordance with the provisions of Sections 196, 197, 203 read with Schedule V of the Companies Act, 2013 (the Act) and other applicable provisions, if any, of the Act, the Company hereby accords its approval and consent to the appointment of Sri A N Raju as Director (Operations), for a period of 5 years with effect from 1st June 2014 and for the payment of remuneration to him for his services as Director (Operations), as set out hereunder:

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SALARY	Rs.2,50,000/- per month in the scale of Rs.2,50,000/- to Rs.4,50,000/-. Annual increase will be effective 1 st April every year and the quantum will be decided by the Board of Directors / Nomination, Compensation and Remuneration Committee.
COMMISSION	Subject to a ceiling of 1% on the net profits of the Company the quantum whereof to be determined by the Board of Directors/ Nomination, Compensation and Remuneration Committee.
PERQUISITES	As detailed in the annexure to the Explanatory Statement, the annual value of which will be limited to a ceiling of 150% of annual salary.
MINIMUM REMUNERATION	Where in any financial year, during the currency of his tenure, the Company has no profits or its profits are inadequate, it may pay him remuneration by way of salary, allowances, commission and perquisites not exceeding the limits specified in Part II of Section II of Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

With a vote of thanks by Sri S R Balachander, the meeting concluded.

Date: 08.08.2014


CHAIRMAN

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Details of perquisites payable to Sri A N Raju:

1. Housing:

- i) the expenditure incurred by the Company on hiring unfurnished accommodation will be subject to a ceiling of 60% of the salary over and above 10% payable by the managerial person;
- ii)
 - a) the expenditure incurred by the Company on gas, electricity and water will be evaluated as per Income-tax Rules, 1962.
 - b) perquisites in the form of furniture, furnishings and other utilities in accordance with the rules of the Company, the value of which will be evaluated as per Income-tax Rules, 1962;
- iii) wherever the Company does not provide accommodation, House Rent Allowance may be paid in accordance with (i) above;
- iv) where accommodation in a Company-owned house is provided, the Company will charge 10% of his salary by way of rent.

2. Medical reimbursement: Expenses incurred for self and family including premium payable for medical insurance in accordance with the rules of the Company.

Explanation: "Family" means the spouse, dependant children and dependant parents of the appointee.

3. Personal Accident Insurance as per the rules of the Company.

4. Leave Travel Assistance for self and family once in a year in accordance with the rules of the Company.

5. Payment of company's contributions to Provident Fund/Pension Fund/Superannuation Fund/Gratuity Fund and encashment of leave (at the end of the tenure) shall not be included in the computation of remuneration or ceiling on the perquisites.

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6. Fees for clubs, subject to a maximum of two clubs excluding admission and life membership fee.
7. Sitting fee for attending the meeting of Board of Directors and Committee thereof as applicable to other Directors.
8. Provision of chauffeur driven company car(s) or provision of company car(s) with reimbursement of chauffeur's salary.
9. Provision of telephone(s) at the residence of the Director.
10. Such other allowances, perquisites, benefits and amenities as may be provided by the company to other senior executives from time to time.
11. Benefits under the loan and other schemes in accordance with the practices, rules and regulations in force in the Company from time to time, subject to the provisions of the Companies Act, 2013.

For the purpose of calculating the ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rule, the same shall be evaluated at actual cost.

The above said remuneration and perquisites shall be subject to the ceiling laid down in Section 197 and all other applicable provisions of the Companies Act, 2013 as may be amended from time to time.

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