



MINUTES OF THE PROCEEDINGS OF THE 62nd 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 THURSDAY, THE 23RD JULY 2015 BETWEEN 11.00 A.M. AND 2.00 P.M

PRESENT:

MEMBERS	:	2,032
PROXIES	:	39

		2,071

Chairman	Sri S Viji
Directors	" S Ram
	" N Venkataramani
	" P N Venkatachalam
	" S Mahalingam
	" S Prasad
	" S Ravindran
	Ms Shobhana Ramachandhran
	Sri Aroon Raman
Managing Director	Sri T T Srinivasaraghavan
Director (Strategy & Planning)	" Harsha Viji
Director (Operations)	" A N Raju
CFO	" M Ramaswamy
Secretary & Compliance Officer	" P Viswanathan
Statutory Auditor	" P Babu

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

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He informed the members that a certificate had been obtained from the statutory auditors regarding compliance with SEBI (Share Based Employee Benefits) Regulations, 2014.

With the permission of the members, notice of the meeting was taken as read.

The Secretary informed the shareholders that the Auditors' Report on the accounts for the year ended 31st March 2015, 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:

- The Indian Economy appeared to be exhibiting some early signs of recovery.
- The industrial sector and manufacturing in particular, appeared to be regaining momentum, registering positive growth for seven consecutive months till May 2015.
- While the IIP registered a growth of 3.4% in April 2015 and 2.7% in May 2015, the Capital goods segment registered a growth of 6.8% in April 2015 and 1.8% in May 2015.
- The Consumer durables segment continued to be sluggish.

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- According to latest forecasts, GDP growth, measured on the revised base year 2011-12 market prices, was estimated at 7.8% in 2014-15.
- Retail inflation, measured by the changes in the consumer price index (CPI), had been declining steadily, coming in at 5.4% in June 2015.
- Wholesale price index (WPI) based inflation had remained negative for eight consecutive months and came in at (-) 2.4% in June 2015.
- Inflation in the manufactured products segment had come down, from 5.4% in FY13 and 3.7% in FY14, to (-) 0.77% during June 2015. However, food inflation, at 5.48% was starting to rise though it was well below the previous year's level of 7.21%.
- The big unknown was the behaviour of the Southwest monsoon. After a delayed onset, the month of June saw some regions recording surplus rainfall and Kharif sowing in many parts of the country was reported to be more robust compared to last year. July had been relatively dry with several parts of western, central and southern India experiencing scanty rainfall, reviving fears of a deficit for the season. More than half of India's population was still dependent on agriculture and a poor monsoon would severely affect rural prosperity and thereby, rural consumption, not to mention the obvious implications on food prices and inflation. It is to be hoped that the monsoon deficit would be made up in the coming weeks, thereby providing a strong boost to the rural economy.

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- The company's total disbursements crossed the ₹10,000 crore mark, registering a growth of 3% over the previous year.
- Gross receivables managed by the Company, grew correspondingly by 3% and stood at ₹18734 cr. as at 31st March 2015.
- Growth in the automotive sector was moderate, coming off a low base, and the Company was able to increase its market share in the core medium and heavy commercial vehicle segment.
- Gross and Net NPAs as at 31st March, 2015 stood at 1.45% and 0.52%, respectively, based on **the more stringent 120 day NPA classification norm adopted by the company**, as against the regulatory norm of 180 days, making it the best performing portfolio amongst its peers, by some distance.
- The net profit from continuing operations was ₹454.14 cr. as against ₹442.51 cr. in the previous year.
- The company's Net-Worth stood at ₹2978.05 cr. as on 31 March 2015, while the consolidated net profit and net worth stood at ₹575.88 cr. and ₹3749.75 cr. respectively, as at the same date.
- The net accretion to public deposits during the FY2014-15 was ₹259.15 cr., the highest ever in the history of the Company.
- Aggregate deposits had crossed the ₹2000 crore milestone during the current financial year.

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- The company has been listed as one of 'India's Top 500 Companies 2015' by Dun & Bradstreet Information Services India Pvt. Ltd.
- During the year, the Company credited an amount of ₹256.56 cr. to the Capital Reserve arising from the sale of 17,37,012 equity shares of the Company, held by SFL Shares Trust. These shares accrued to the Trust on account of the merger of Lakshmi General Finance Limited with the Company, in the year 2005. The Company received the proceeds, being the sole beneficiary of the Trust.
- Directors recommended a final dividend of ₹6/- per share, which together with the interim dividend of ₹4.50 per share paid in February 2015, aggregated to a total dividend of ₹10.50 per share for the financial year ended 31 March 2015, on the paid-up capital of ₹111.10 cr. The total pay-out, including dividend tax of ₹18.22 cr., would amount to ₹134.88 cr.
- The initiatives of the Government, notably the transparent auctioning of the coal blocks and spectrum, the passage of the Insurance Bill, introduction of a new Financial Arm in MUDRA BANK, (Micro Units Development and Refinance Agency Bank) and steps to curb leakages in distribution of subsidies, together with the policy announcements to boost investment in infrastructure, should provide a conducive framework for economic growth.
- RBI had reduced the policy rates by 75 basis points (in three tranches of 25 basis points each), since January 2015.

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- The downside risks on the external front could come from continuing economic turmoil in Europe and the expected reversal of Quantitative Easing by the Fed, which could result in slowing FII flows or worse still, a reverse flow, which would put the Rupee under pressure. It is to be hoped that increased Government spending and the revival of the investment cycle which has remained sluggish for over three years now, would provide the necessary impetus to the economy.
- Growth projections for the automotive sector continued to remain muted. The lingering excess capacity in the M&HCV segment was expected to be absorbed as economic activity picks up, during the year. Consequently, sales of M&HCVs are projected to grow at 10-12% in 2015-16, coming off a modest base, while LCV sales are expected to grow marginally, by 2-4%.
- Growth, with Quality and Profitability, had always been the Company's motto and we will continue to explore profitable growth opportunities, recognising that the prospects for the automotive industry remain muted and competition is likely to be intense. As always, preservation of asset quality will remain a key imperative. The Company looks to the current year with cautious optimism, based on a gradual revival of commercial vehicle sales, during the latter half of the financial year and an overall increase in economic activity.
- **Sundaram Asset Management Company Limited** reported a profit after tax of ₹21.69 cr. The Average Assets under Management of the Company were ₹19511 cr. for the year 2014-15. The company recommended a dividend of 30% for the year, on the increased paid-up capital of ₹20 cr.

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- **Sundaram BNP Paribas Home Finance** reported a profit after tax of ₹146 cr. (PY ₹151 cr.). The Profit after tax for the current year was not comparable as there was a Deferred Tax Liability on Special Reserve, introduced for the first time during the financial year 2014-15 to the extent of ₹9.59 cr. The loan portfolio stood at ₹7486 cr. as at 31 March 2015 as against ₹ 7112 cr. in the previous year. The gross and net NPA stood at 2.46% and 0.75% respectively, as at 31 March 2015. The company proposed a dividend of 35% for the year as against 40% during the previous year.
- Royal Sundaram Alliance Insurance Company Limited (Royal Sundaram) reported a Profit after tax of ₹21.99 cr. for the year, as against ₹68.24 cr. in the previous year. The profit margins were impacted due to continued drop in the premium rates in both the retail and commercial segments, due to severe competition.
- During the year, the Company and RSA Group, UK, reached an agreement whereby RSA had agreed to sell its entire 26% equity stake in Royal Sundaram to the Company for a consideration of ₹450 cr., subject to all regulatory approvals. The Company currently holds 49.90% in Royal Sundaram and the said acquisition would increase its holding to 75.90%.
- The Central Government had favourably considered a long pending demand of Asset Financing NBFCs in the Union Budget. NBFCs with assets above ₹500 cr. had been recognised as Financial Institutions, for the purpose of SARFAESI Act.

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- It is hoped that the other legitimate demands of NBFC-AFCs to be afforded parity with Banks and Housing Finance companies, in respect of differential risk weights for different asset classes, tax treatment of NPA provisions and income relating to NPA accounts would also be addressed in the near term.

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 remote e-voting facilities to the shareholders.

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 to by the Chairman, Managing Director, Chief Financial Officer and the Company Secretary

Chairman announced that those members who had not exercised their votes through remote e-voting / postal ballot voting could do so through the physical ballot paper in Form MGT 12 which was available in the Hall with the volunteers.

After conclusion of Poll, Chairman announced that the final results of the voting (after consolidating the result of remote e-voting, postal ballot and poll) would be announced to Stock Exchange and on the website of the Company within 48 hours of the conclusion of the AGM.

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

1. ADOPTION OF ACCOUNTS – ORDINARY RESOLUTION

	Total (Postal Ballot, E-voting and Poll)
Number of valid votes received	5,79,25,045
Votes in favour of the Resolution	5,79,25,005
Votes against the Resolution	40
Number of invalid votes	63,447
Votes in favour	100%

“**RESOLVED** that the Audited Statements of Accounts of the Company for the year ended 31st March 2015 and the Directors’ and Auditors’ Reports thereon, be and are hereby approved and adopted.”

2. DECLARATION OF FINAL DIVIDEND – ORDINARY RESOLUTION

	Total (Postal Ballot, E-voting and Poll)
Number of valid votes received	5,79,29,245
Votes in favour of the Resolution	5,79,29,185
Votes against the Resolution	60
Number of invalid votes	63,447
Votes in favour	100%

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"RESOLVED that a final dividend of ₹6/- per share (60% on the face value of ₹10/-), as recommended by the Directors, be and is hereby declared for the year ended 31st March 2015 on the paid-up capital of ₹111.10 cr. and the same be paid to shareholders, whose names stand on the Register of Members of the Company on 8th July 2015, making with the interim dividend of ₹4.50 per share (45% on the face value of ₹10/-), a total dividend of ₹10.50 per share (105% on the face value of ₹10/-) for the year 2014-15 and that the total dividend amount of ₹11665.90 lakhs representing the said total dividend of ₹10.50 per share (105% on the face value of ₹10/-) be paid out of the profits for the year 2014-15."

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

	Total (Postal Ballot, E-voting and Poll)
Number of valid votes received	5,34,29,296
Votes in favour of the Resolution	5,34,28,496
Votes against the Resolution	800
Number of invalid votes	63,447
Votes in favour	100%

"RESOLVED that Sri S Viji (holding DIN:00139043), 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 S RAM AS DIRECTOR– ORDINARY RESOLUTION**

	Total (Postal Ballot, E-voting and Poll)
Number of valid votes received	5,47,98,520
Votes in favour of the Resolution	5,47,63,160
Votes against the Resolution	35,360
Number of invalid votes	63,447
Votes in favour	99.94%

“RESOLVED that Sri S Ram (holding DIN:00018309), 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

	Total (Postal Ballot, E-voting and Poll)
Number of valid votes received	5,78,23,232
Votes in favour of the Resolution	5,60,47,242
Votes against the Resolution	17,75,990
Number of invalid votes	63,447
Votes in favour	96.93%

“RESOLVED that Messrs. Brahmaya & 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

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them, be fixed at ₹48.00 lakhs, in addition to tax audit fee of ₹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”.

SPECIAL BUSINESS

6. RE-APPOINTMENT OF SRI HARSHA VIJI AS DIRECTOR (STRATEGY & PLANNING) – ORDINARY RESOLUTION

	Total (Postal Ballot, E-voting and Poll)
Number of valid votes received	5,51,44,239
Votes in favour of the Resolution	5,51,42,967
Votes against the Resolution	1,272
Number of invalid votes	63,447
Votes in favour	100%

“RESOLVED that in accordance with the provisions of Sections 196, 197 and 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 re-appointment of Sri Harsha Viji (holding DIN: 00602484) as Director (Strategy & Planning), for a period of 5 years with effect from 24th September 2015 and for the payment of remuneration to him for his services as Director (Strategy & Planning), as set out hereunder:

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SALARY	₹4,00,000/- per month in the scale of ₹4,00,000/- to ₹7,00,000/-. Annual increase will be effective 1st 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."

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7. AMENDMENTS TO SUNDARAM FINANCE EMPLOYEE STOCK OPTION SCHEME - 2008 (SFESOS) – SPECIAL RESOLUTION

	Total (Postal Ballot, E-voting and Poll)
Number of valid votes received	5,79,28,864
Votes in favour of the Resolution	5,51,90,085
Votes against the Resolution	27,38,779
Number of invalid votes	63,447
Votes in favour	95.27%

“RESOLVED that pursuant to Section 62 of the Companies Act, 2013 (“the Act”) and the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as “the Regulations”) and other regulatory laws, the consent of the Company be and is hereby accorded to the Board of Directors for the purpose of:

- (i) making suitable amendments to the Sundaram Finance Employee Stock Option Scheme-2008 (SFESOS) to:
 - a. issue, grant, offer, either directly or through the Sundaram Finance Employees Welfare Trust (SFEWT), equity stock options or other benefits (notified under the Regulations), not exceeding 2% of the paid-up equity share capital of the Company (presently 11,11,03,860 equity shares of ₹10/- each, adjusted for any corporate actions that may be

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applicable from time to time), in one or more tranches, at par or at any other price as may be fixed by the Nomination, Compensation and Remuneration Committee (NCRC) on such terms and conditions as may be fixed or determined by the Board or the NCRC to eligible employees of the Company.

- b. include, as and when considered necessary, one or more of the following new Schemes notified by SEBI, vide the Regulations viz.,

- Employee Stock Purchase,
- Stock Appreciation Rights,
- General Employee Benefits and
- Retirement Benefits

- c. incorporate other changes, if any, specified in respect of the provisions relating to granting of Employee Stock Options;

- (ii) acquiring equity shares of the Company, whenever considered necessary, from the secondary market, upto a limit not exceeding 2% of the paid-up equity share capital of the Company as at the end of each previous financial year, for the purpose of grant of stock options or other benefits from time to time;
- (iii) acquiring equity shares of the Company from the secondary market in case the share capital expands due to

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capital expansion undertaken by the company including preferential allotment of shares or qualified institutions placement, so as to ensure that the total number of shares under secondary acquisition does not exceed 5% of the paid-up equity capital of the company.”

8. EXTENSION OF THE AMENDED SFESOS TO THE ELIGIBLE EMPLOYEES OF SUBSIDIARIES AND ASSOCIATES – SPECIAL RESOLUTION

	Total (Postal Ballot, E-voting and Poll)
Number of valid votes received	5,79,28,844
Votes in favour of the Resolution	5,51,88,065
Votes against the Resolution	27,40,779
Number of invalid votes	63,447
Votes in favour	95.27%

“**RESOLVED** that pursuant to Section 62 of the Companies Act, 2013 (“the Act”) and the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as “the Regulations”) and other regulatory laws, the consent of the Company be and is hereby accorded to the Board of Directors to extend the amended “Sundaram Finance Employee Stock Option Scheme-2008” to the eligible employees of its subsidiaries and associates, so however that the Stock Options or other benefits (notified under the Regulations), issued / extended to such employees, together with the Stock Options or other benefits issued / extended to the

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employees of the Company in the aggregate shall not exceed 2% of the paid-up equity share capital of the Company (presently 11,11,03,860 equity shares of ₹10/- each, adjusted for any corporate actions that may be applicable from time to time)."

With a vote of thanks, the meeting concluded.

Place: Chennai

Date: 20th August 2015


CHAIRMAN

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Sundaram Finance Limited, 21, Patullos Road, Chennai - 600 002.



Details of Perquisites payable to Sri Harsha Viji

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.

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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.
6. Fees for clubs, subject to a maximum of two clubs excluding admission and life membership fee.
7. Provision of chauffeur driven company car(s).
8. Provision of telephone(s) at the residence of the Director.
9. Such other allowances, perquisites, benefits and amenities as may be provided by the company to other senior executives from time to time.
10. 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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