



SUNDARAM FINANCE

Enduring values. New age thinking.

SEC:0157:16/GN

July 22, 2016

The Manager - Listing
National Stock Exchange of India Limited
Capital Market – Listing
Exchange Plaza, 5th Floor
Plot No.C/1, G Block
Bandra-Kurla Complex
Bandra (E), Mumbai 400 051

Dear Sir,

Sub: Proceedings of AGM – 63rd AGM held on 22nd July 2016

Ref: Reg. 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We enclose a copy of the proceedings of our 63rd Annual General Meeting held on 22nd July 2016.

Thanking you,

Yours truly,
for Sundaram Finance Limited

P. Viswanathan
Secretary & Compliance Officer

CC: The Corporate Relationship
Dept. of Corporate Services
Bombay Stock Exchange Limited
Floor 25, P J Towers
Dalal Street
Mumbai 400 001

Sundaram Finance Limited

SUNDARAM FINANCE LIMITED
21, PATULLOS ROAD, CHENNAI – 600 002

MINUTES OF THE PROCEEDINGS OF THE 63RD 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 FRIDAY, THE 22ND JULY 2016 BETWEEN 10.00 A.M. AND 11.35 A.M.

PRESENT:

MEMBERS	:	2,169
PROXIES	:	29 (representing 138 members)

		2,198

Chairman	Sri S Viji
Directors	" S Ram
	" P N Venkatachalam
	" S Mahalingam
	" S Prasad
	" S Ravindran
	Ms Shobhana Ramachandhran
Managing Director	Sri T T Srinivasaraghavan
Deputy Managing Director	" 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.

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 2016, 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 was considered the fastest growing, amongst the major world economies.
- According to provisional estimates, GDP growth, measured on the revised base year 2011-12 market prices, was estimated at 7.6% in 2015-16.
- Other key indicators, such as industrial growth continued to remain weak.
- Bank credit growth continued to remain sluggish, indicative of a continuing capacity overhang and the resultant hesitancy on the part of industry to invest in new capacity.
- On the other hand, consumption demand appeared to be improving, notably in the consumer durables segment.



- Both passenger vehicles and two wheeler sales registered reasonable growth in the first quarter of 2016-17.
- Retail inflation, measured by the changes in the consumer price index (CPI), which declined to 4.9% during 2015-16 had started rising since April 2016 and currently stood at 5.8%, largely on account of food prices.
- Wholesale price index (WPI) based inflation, which remained negative throughout fiscal 2015-16, had also started rising.
- After two consecutive years of drought in many parts of India, the Southwest monsoon, so far, had been fairly satisfactory with a positive cumulative deviation of 4% above normal. The spatial distribution had also been good, with excess rainfall in parts of South and Central India and normal rains in the rest of the country. Gujarat, Saurashtra, Bihar and the Northeast however were fairly deficient. Kharif sowing in many parts of the country was reported to be more robust than at the same time last year. The months of July and August would be crucial, as nearly 65% of the monsoon was delivered in these two months.
- The commercial vehicle segment led the recovery of the automotive sector in FY 2015-16, with Medium and Heavy Commercial Vehicle (M&HCV) sales registering a strong growth of 30% (PY 16%), driven partly by replacement demand and partly by pre-buying, ahead of anticipated mandatory changes in emission and safety norms.



- Notably, the haulage segment grew at an impressive 40% over the previous year, while the tipper segment registered a growth of over 20%.
- Sales of Light and Intermediate Commercial Vehicles (3.5 to 12 tonnes) bounced back after two successive years of decline, registering a growth of 13% during the year, while sales of Passenger Cars and Utility Vehicles registered a modest growth of 7% (PY 4%).
- Tractor sales however, declined by 11.5%, impacted variously by the failure of the monsoon in some parts of India and by unseasonal rains in other parts.
- The company's total disbursements stood at ₹11,364 cr., registering a healthy growth of 15% over the previous year. This was propelled by a 34% growth in the Medium and Heavy Commercial Vehicle segment.
- Gross receivables managed by the Company stood at ₹20,699 cr. as at 31st March 2016, thereby registering a growth of 10% over the previous year.
- While the Reserve Bank of India had directed NBFCs to classify Non-performing Assets (NPAs) based on 3 months overdues, by the financial year ending 31st March 2018, the Company had, as a matter of prudence, adopted the three months norm in advance, commencing from the financial year ended 31st March 2016, as compared to the 120 days norm followed in the previous financial



year, entailing an additional impact of ₹6.6 cr. on the profit after tax for the year.

- Gross and Net NPAs as at 31st March, 2016, based on the revised three month NPA classification norm adopted by the Company, stood at 2.08% and 0.92%, respectively, making it the best performing portfolio amongst its peers.
- The net profit from continuing operations was ₹477.28 cr. as against ₹454.14 cr. in the previous year.
- The company's Net-Worth stood at ₹3312.62 cr. as on 31st March 2016, while the consolidated net profit and net worth stood at ₹583.17 cr. and ₹4194.64 cr. respectively, as at the same date.
- The net accretion to public deposits during the FY 2015-16 was ₹321.56 cr., the highest ever in the history of the Company.
- The company has been listed as one of 'India's Top 500 Companies' by Dun & Bradstreet Information Services India Pvt. Ltd.
- Directors recommended a final dividend of ₹1/- per share, which together with the two interim dividends of ₹4.50 per share and ₹5.50 per share paid during February and March 2016 respectively, aggregated to a total dividend of ₹11.00 per share for the financial year ended 31st March 2016, on the paid-up capital of ₹111.10 cr. The total pay-out, including dividend tax of ₹22.62 cr., would amount to ₹144.83 cr.



- The Indian economy was projected to grow at 7.8% in 2016-17, as per most accounts. With headline inflation likely to remain stable, it is widely expected that RBI would sustain its current accommodative stance. With most macroeconomic indicators remaining stable, the various measures initiated by the Central government are likely to have a salutary impact on the automotive sector. The continuing thrust on infrastructure and revival of mining activities, coupled with the increase in budget allocation for the rural sector, augured well for the growth of Medium and Heavy Commercial Vehicles as well as construction equipment.
- According to the estimates of the Society of Indian Automobile Manufacturers (SIAM), sales of M&HCVs were projected to grow at 12 to 15% in FY 2016-17, while LCV sales were expected to grow by 7-9%. Passenger Cars and Utility Vehicles were projected to grow at 6 to 8%. The tightening of emission norms effective April 2017 is also likely to spur some advance buying in M&HCV's in the second half of the year.
- Against this backdrop, the Company hoped to post reasonable growth in its chosen lines of business and also continue to explore new, profitable business opportunities. Competitive pressures in the vehicle financing market were likely to remain high, with banks increasingly focussing on retail lending, thereby exerting downward pressure on margins. As always, preservation of asset quality would remain a key imperative, especially in light of the early adoption of the more stringent three month NPA norm by the Company. Growth with Quality and Profitability had been the underlying philosophy that has guided the Company over the years and shall continue to do so in the future as well.



- Sundaram Asset Management Company Limited earned a gross income of ₹229.88 cr. and reported a profit after tax of ₹4.42 cr. The Average Assets under Management of the Company were ₹23664 cr. for the year 2015-16. The company recommended a dividend of 18% for the year.
- Sundaram BNP Paribas Home Finance Limited reported a profit after tax of ₹153 cr. (PY ₹146 cr.). The loan portfolio stood at ₹7489 cr. as at 31st March 2016 as against ₹7486 cr. in the previous year. The gross and net NPA stood at 2.82% and 0.98% respectively, as at 31 March 2016. The company proposed a dividend of 35% for the year (PY 35%).
- During the year, the Company acquired the 26% shareholding of RSA Group PLC in Royal Sundaram Alliance Insurance Company Limited (Royal Sundaram) for a total consideration of ₹450 cr., raising your Company's shareholding in Royal Sundaram from 49.90% to 75.90%. Consequently, Royal Sundaram became a subsidiary of the Company and that company's name was changed to Royal Sundaram General Insurance Co. Limited.
- Royal Sundaram reported a Gross Written Premium (GWP) of ₹1703 cr. as compared to ₹1573 cr. in the previous year. Profit after tax for the year was ₹26.66 cr., as against ₹21.99 cr. in the previous year. The overall profitability of the company was significantly impacted by higher claims in the wake of the unprecedented floods in Chennai in November/December 2015.
- A long pending demand of the NBFC sector had been addressed, with the inclusion of NBFCs as eligible institutions under Section



36(1) (viiia) of the Income Tax Act, thus enabling them to avail a deduction up to 5% of the gross total income, towards provision for bad and doubtful debts.

- Chairman reiterated the long pending demand to RBI for a reduction in the risk weightage on assets with lower risk profiles, such as commercial vehicles and cars, to differentiate them from other classes of assets which carry inherently higher risks. This assumed greater urgency, considering the rapidly narrowing regulatory gap between NBFC's and Banks.

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 Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had offered 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 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 the Stock Exchange and on the website of the Company within 48 hours of the conclusion of the AGM.

The final results of the voting and the resolutions passed are as under:

1. ADOPTION OF ACCOUNTS – ORDINARY RESOLUTION

	Total (E-voting and Poll)
Number of valid votes received	6,11,13,272
Votes in favour of the Resolution	6,11,13,161
Votes against the Resolution	111
Number of invalid votes	0
Votes in favour	99.9998%

"RESOLVED that the Audited Financial Statements, including the Consolidated Financial Statements, of the Company for the year ended 31st March 2016 and the Board's and Auditors' Reports thereon, be and are hereby approved and adopted."

2. DECLARATION OF FINAL DIVIDEND – ORDINARY RESOLUTION

	Total (E-voting and Poll)
Number of valid votes received	6,11,13,272
Votes in favour of the Resolution	6,11,13,271
Votes against the Resolution	1
Number of invalid votes	0
Votes in favour	100%

"RESOLVED that a final dividend of ₹1/- per share (10% on the face value of ₹10/-), as recommended by the Directors, be and is hereby declared for the year ended 31st March 2016 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 7th July 2016, making with the interim dividend of ₹4.50 per share (45% on the face value of ₹10/-) and 2nd interim dividend of ₹5.50 per share (55% on the face value of ₹10/-), a total dividend of ₹11/- per share (110% on the face value of ₹10/-) for the year 2015-16 and that the total dividend amount of ₹12221.42 lakhs representing the said total dividend of ₹11/- per share (110% on the face value of ₹10/-) be paid out of the profits for the year 2015-16.”

3. RE-ELECTION OF SRI T.T. SRINIVASARAGHAVAN AS DIRECTOR – ORDINARY RESOLUTION

	Total (E-voting and Poll)
Number of valid votes received	6,05,53,704
Votes in favour of the Resolution	6,05,53,703
Votes against the Resolution	1
Number of invalid votes	0
Votes in favour	100%

“**RESOLVED** that Sri T T Srinivasaraghavan (holding DIN:00018247), the retiring Director, be and is hereby re-elected as Director of the Company, liable for retirement by rotation.”

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

	Total (E-voting and Poll)
Number of valid votes received	6,04,96,632
Votes in favour of the Resolution	6,04,96,631
Votes against the Resolution	1
Number of invalid votes	0
Votes in favour	100%



“**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.”

5. APPOINTMENT OF AUDITORS – ORDINARY RESOLUTION

	Total (Postal Ballot, E-voting and Poll)
Number of valid votes received	6,11,13,272
Votes in favour of the Resolution	5,83,28,632
Votes against the Resolution	27,84,640
Number of invalid votes	0
Votes in favour	95.4435%

“**RESOLVED** that Messrs. Brahmayya & Co., 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 ₹60.00 lakhs, in addition to tax audit fee of ₹15.00 lakhs, certification fee, service tax and reimbursement of travelling and other out-of-pocket expenses incurred by them in connection with the audit”.

With a vote of thanks, the meeting concluded.

Place: Chennai

Date: 22-JULY-2016



CHAIRMAN