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MINUTES OF THE PROCEEDINGS OF THE 59TH 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 MONDAY, THE 16TH JULY 2012 AT 10.25 A.M.

PRESENT:

	1,494
MEMBERS	82 (representing 422 members)
PROXIES	1,576

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.

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

The Secretary read the Auditors' Report on the accounts for the year ended 31st March 2012.

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

- . Escalation of the eura zone problems continued to exert severe pressures on the global financial system.

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- Though most emerging and developing economies grew at reasonably healthy rates last year, the continuing problems of Europe, combined with the overall slowdown in the global economy are likely to affect them in the near to medium term.
- On the domestic front, the economic imbalances created by stubborn inflation, high interest rates, mounting fiscal and current account deficits and a weak currency, had resulted in India's GDP dropping to an estimated 6.5%, representing a 9 year low.
- Industrial growth was almost zero in April 2012 and trends in credit growth also reflected continuing weakness in demand.
- Fall in the global commodity prices had unfortunately been neutralised by a sharp fall in the value of the Rupee consequently impacting on inflation.
- In April 2012, Standard & Poor changed its outlook on India to negative and FITCH followed suit in June 2012.
- News on the monsoon had been far from encouraging thus far and the rainfall deficiency of 31 % in June, had already delayed sowing in many parts of the country.
- Company's loan and hire purchase disbursements at Rs. 9307 crores registered a growth of 25% over the previous year. While the Commercial Vehicle and Car Segments continued to be the major growth drivers for the Company, growth in the construction equipment and tractor segments, was also encouraging.

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 - . Company's continuous adherence to credit acceptance norms and close monitoring of receivables had ensured that asset quality continues to be one of the best in the industry.
 - . Gross and Net NPA's improved to 0.59% and 0.09% respectively, as against 0.77% and 0.20% in the previous year.
 - . Gross receivables managed by the Company including assets securitised and assigned stood at Rs. 15540 crores.
 - . The net profit from operations was RS.355.45 crores as against RS.295.23 cr. in the previous year registering a growth of 20% while the net worth stood at Rs.1787.86 crores as at 31st March 2012.
 - . The consolidated net profit and net worth stood at Rs.457.91 .crares and RS.2163.93 crares respectively as at 31st March 2012.
 - . The net accretion to public deposits during the year 2011-12, was RS.68.82 crores, taking the deposits outstanding at the year end to RS.1260.84 crares.
 - . Directors recommended a final dividend of Rs. 8/- per share, which together with the interim dividend of RS.7.50 per share paid in FebruaryY 2012, aggregates to a total dividend of Rs. 15.50 per share for the financial year ended 31st March 2012, on the paid-up capital of Rs. 55.55 crores.

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- . Overall, the prospects for most segments of the automotive sector do not appear very bright, in the current year. Your Company, being closely aligned to the automotive sector, is also likely to be impacted by its performance. However, your Company has, over the years, broad based its exposure to the various segments of the automotive industry, thereby enabling it to re-balance its portfolio on a dynamic basis. It is this strategy that has facilitated the company's consistent growth across economic cycles. Given the various uncertainties in the macroeconomic environment and the none too optimistic outlook for the automotive industry, your Company will strive for growth that is sustainable and profitable, while remaining strongly focussed on the highest asset quality. Your Company has built strong customer relationships over several decades, based on the Sundaram Values of *Service, Integrity, Transparency* and *Humility* and it is these that will sustain us through what promises to be a challenging and difficult year.
- ~~Company~~ subsidiaries and joint ventures had reported good results for the year under review. Given the volatility in the stock market, Sundaram Asset Management Company reported a profit after tax of RS.11.00 crores. Sundaram **BNP** Paribas Home Finance reported an impressive 100% growth in profit after tax at RS.93.73 crores. The loan portfolio stood ,at RS.4241 crores as at 31 March 2012. The gross and net NPA stood at 0.31% and 0.06% respectively, as at 31 March 2012, clearly one of the best in the industry. Royal Sundaram posted a top-line growth of 29%, outpacing the industry growth, with a Gross Written Premium (GWP) of Rs. 1479.79 crores during the year.

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- . During the year, Insurance Regulatory and Development Authority (IRDA) issued guidelines relating to the methodology of absorption of the past losses relating to the third party motor pool. After making provision for tax and motor pool losses, Royal Sundaram reported a profit of RS.22 lakhs for the year.
- . Third Party pricing by insurance companies should be de-tariffed so as to reflect the market realities, in terms of risk and reward.

He dwelt upon one of the main recommendations of the Working Group constituted by Reserve Bank of India headed by Smt Usha Thorat to review the existing regulatory and supervisory framework for NBFC's relating to the Capital Structure. While he appreciated the rationale for strengthening capital adequacy, he stated that steep increase in Tier I to 12% within a period of 3 years would hamper business growth. He suggested that Tier I capital be increased in two stages as an immediate first step to 9% and after 3 years to 10%. This would allow NBFCs to grow and also comply with enhanced regulatory requirements, ensure better proportion between Tier I & Tier II and help NBFCs to utilise the Tier II capital, already mobilised, for the desired objective.

He further addressed on the following issues that remained unaddressed for long:

- . Differential risk weights for different classes of assets financed, as is available for banks and housing finance companies, should be extended to Asset financing NBFCs.

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to ¹ • Asset Financing NBFC's (NBFC - AFCs) should also be allowed access the External Commercial Borrowings, as in the case of Infrastructure Finance Companies.

1. ADOPTION OF ACCOUNTS

The Chairman then moved the following Resolution:

"RESOLVED that the Audited Statements of Accounts of the Company for the year ended 31st March 2012 and the Directors' and Auditors' Reports thereon, be and are hereby approved and adopted."

The Resolution was seconded by Sri G Sundararajan.

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

The resolution was then put to vote and declared carried unanimously.

2. DECLARATION OF FINAL DIVIDEND

The following Resolution was proposed by Sri S Ravindran:

"RESOLVED that a final dividend of RS.8/- per share (80% on the face value of Rs.10/-), as recommended by the Directors, be and is hereby declared for the year ended 31st March 2012 on the paid-up capital of RS.55.55 cr. and the same be paid to shareholders, whose names stand on the Register of Members of the Company on 29th June 2012, making with the interim dividend of RS.7.50 per share (75% on the face value of

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RS.10/-), a total dividend of RS.15.50 per share (155% on the face value of RS.10/-) for the year 2011-12 and that the total dividend amount of RS.8610.54 lakhs representing the said total dividend of RS.15.50 per share (155% on the face value of Rs.10/-) be paid out of the profits for the year 2011-12."

The Resolution was seconded by Sri V Swaminathan, put to vote and declared carried unanimously.

3. ELECTION OF DIRECTOR(S)

Sri S. Viji, Chairman, being interested in the following subject, Sri S. Prasad, occupied the Chair.

(i) The following Resolution was proposed by Sri V K Raman:

"RESOLVED that Sri S Viji, the retiring Director, be and is hereby re-elected as Director of the Company."

The Resolution was seconded by Sri S Venkatesan, put to vote and declared carried unanimously.

Sri S. Viji then resumed the Chair and conducted further proceedings.

(ii) The following Resolution was proposed by Sri A N Raju:

"RESOLVED that Sri S Prasad, the retiring Director, be and is hereby re-elected as Director of the Company."

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"The Resolution was seconded by Sri H Venkatesan, put to vote and declared carried unanimously.

(iii) The following Resolution was proposed by Sri V Kumaraswami:

"RESOLVED that Sri Aroon Raman, the retiring Director, be and is hereby re-elected as Director of the Company."

The Resolution was seconded by Sri V K Raman, put to vote and declared carried unanimously.

4. APPOINTMENT OF AUDITORS

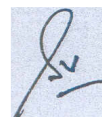
The following Resolution was proposed by Sri S. Sivakumar:

"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.40.00 lakhs, in addition to tax audit fee, certification fee, service tax and reimbursement of travelling and other out-of-pocket expenses incurred by them in connection with the audit".

The resolution was seconded by Sri P Sundarajan and put to vote.

With two members voting against, the resolution was declared carried by requisite majority.

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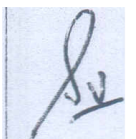
5. RE-APPOINTMENT OF MANAGING DIRECTOR

The following Resolution was proposed by Sri S R Balachander, as an Ordinary Resolution:

"RESOLVED that in accordance with the provisions of Sections 198, 269 read with Schedule XIII, 309 and 317 of the Companies Act, 1956 (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 T. T. Srinivasaraghavan as Managing Director, for a period of 5 years with effect from 01.04.2013 and for the payment of remuneration to him for his services as Managing Director, as set out hereunder:

SALARY	Rs.4,00,000/- per month in the scale of Rs.4,00,000/- to Rs.7,00,000/-. Annual increase will be effective 1 st April every year and the quantum will be decided by the Board of Directors / <u>Compensation and Remuneration Committee.</u>
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 / Compensation and Remuneration Committee.
PERQUISITES	As detailed in the annexure to the Explanatory Statement, the annual value of which will be limited to <u>a ceiling of 150% of annual salary.</u>
MINIMUM REMUNERATION	Where in any financial year, during the currency of tenure of the Managing Director, the Company has
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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 XIII to the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

The Resolution was seconded by Sri S Ravindran and put to vote.

With one member voting against, the resolution was declared carried by requisite majority.

6. ENHANCEMENT IN THE BORROWING LIMIT

The following Resolution was proposed by Sri V K Raman, as an Ordinary Resolution:

"RESOLVED that pursuant to Section 293(1)(d) of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company, for borrowing moneys for the purposes of the Company, from time to time, notwithstanding that the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, provided however, that the aggregate of the amounts so borrowed and to be borrowed and outstandings at any time (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed RS.15000 cr. (Rupees fifteen thousand crore only)."

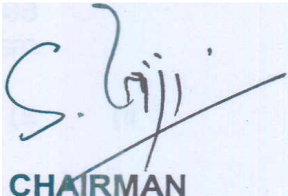
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The Resolution was seconded by Sri Paramesh Krishnaier, put to vote and declared carried unanimously.

With a vote of thanks by Sri A R Venkitaraman, the meeting concluded.

Date: 10th August 2012


CHAIRMAN

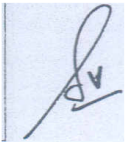
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Details of Perquisites payable to Sri T. T. Srinivasaraghavan

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).
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, 1956.

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 Sections 198, 309 and all other applicable provisions of the Companies Act, 1956 as may be amended from time to time.

Certified True Copy For
Sundaram Finance Limited

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