



MINUTES OF THE PROCEEDINGS OF THE 58TH 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 13TH JULY 2011 AT 11.00 A.M.

PRESENT:

MEMBERS	:	1,479
PROXIES	:	64 (representing 446 members)

		1,543

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 2011.

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

- Global economic growth is likely to moderate from 5% in 2010 to 4.4% in 2011. Growth is projected to decelerate in advanced economies due to the waning impact of fiscal stimuli, high oil and

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commodity prices and the sovereign debt crisis in the euro region. Growth in emerging market economies is also expected to decelerate on account of monetary tightening and rising commodity prices. India's GDP growth for 2010-11 is now estimated to have been at 8.5%, but is expected to drop below the 8% mark in 2011-12.

- The progress of the monsoon, inflation and the consequential impact on interest rates and domestic demand will all have a major bearing on India's economic growth prospects in 2011-12.
- Company's hire purchase and loan disbursements at Rs. 7478 crores during the year, registered a growth of 28%, over the previous year
- The company's continuing focus on asset quality, backed by robust and time tested credit appraisal and collection processes, ensured that the portfolio continues to be one of the best in the industry.
- Gross and net NPA's stood at 0.77% and 0.20% respectively, as against 1.26% and 0.45% in the previous year.
- Gross receivables managed by the Company, including assets sold or securitised stood at Rs. 12354 crores as of 31 March 2011, as against Rs.10219 crores in the previous year.
- The net profit for the year was Rs.257.50 crores as against Rs.201.36 crores in the previous year (both excluding special items), registering a growth of 28%. The company's Net-Worth stood at Rs.1529.34 crores as on 31 March 2011, while the consolidated net

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profit and net worth stood at Rs.388.90 crores and Rs.1806.08 crores respectively, as at 31 March, 2011.

- During the year, RBI mandated a contingent provision against Standard Assets at 0.25% for all NBFCs. Directors have however decided, as a measure of prudence, to continue with the provision at the higher level of 0.4% and transferred an amount of Rs.6.46 crores towards contingent provision on Standard Assets.
- The net accretion to public deposits during the year 2010-11, was Rs.97.12 crores, taking the deposits outstanding at the year end to Rs.1192.03 crores.
- Directors recommended a final dividend of Rs.7/- per share, which together with the interim dividend of Rs.7/- per share paid in February 2011, aggregates to a total dividend of Rs.14/- per share for the financial year ended 31 March 2011, on the paid-up capital of Rs.55.55 crores.
- Company expects only a modest growth in disbursements during the current financial year but confident of maintaining profitability through its continued focus on superior asset quality, efficient cost management and an optimum product mix.

He urged the RBI to take into account the heterogeneity of the NBFC sector and the vital contribution of Asset Financing NBFCs in fostering financial inclusion, while framing new guidelines for the NBFC sector.

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He stated that while the CRAR has been raised from 12 to 15%, a long pending demand for differential risk weights for different classes of assets, based on their risk categorisation, remains unaddressed. He added that Asset financing NBFCs have consistently demonstrated their ability to manage retail portfolios with low levels of credit losses and it is only fair that this be duly recognised by RBI.

The recent move by RBI to deny priority sector status for bank lending to NBFCs, for on-lending to end users will result in higher financing costs for them. He suggested that RBI's concerns on end use can be adequately addressed by putting in place an appropriate due diligence mechanism to prevent misuse.

He also reiterated to the Ministry of Finance to treat asset financing companies on par with banks and housing finance companies with regard to tax treatment of income recognition and provisioning in respect of Non-Performing Assets.

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 2011 and the Directors’ and Auditors’ Reports thereon, be and are hereby approved and adopted.”

The Resolution was seconded by Sri Seshan Krishnamoorthy.

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The queries raised by the members were replied by the Chairman and the Managing Director.

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.7.00 per share (70% on the face value of Rs.10/-), as recommended by the Directors, be and is hereby declared for the year ended 31st March 2011 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 30th June 2011, making with the interim dividend of Rs.7/- per share (70% on the face value of Rs.10/-), a total dividend of Rs.14.00 per share (140% on the face value of Rs.10/-) for the year 2010-11 and that the total dividend amount of Rs.7777.28 lakhs representing the said total dividend of Rs.14.00 per share (140% on the face value of Rs.10/-) be paid out of the profits for the year 2010-11.

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

3. ELECTION / RETIREMENT OF DIRECTOR(S)

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

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

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The Resolution was seconded by Sri M Chakrapani, put to vote and declared carried unanimously.

- (ii) The following Resolution was proposed by Sri P S Raghavan:

“RESOLVED that Sri S Ravindran, the retiring Director, be and is hereby re-elected as Director of the Company.”

The Resolution was seconded by Sri T Arunachalam, put to vote and declared carried unanimously.

- (iii) The following Resolution was proposed by Sri S R Balachander:

“RESOLVED that the vacancy caused by the retirement of Sri T. R. Seshadri, Director, be not filled up”.

The Resolution was seconded by Sri P Sundararajan, put to vote and declared carried unanimously.

4. APPOINTMENT OF AUDITORS

The following Resolution was proposed by Sri S. Sivakumar:

“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 them, be fixed at Rs.35.00 lakhs, in addition to tax audit fee, certification

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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 A N Raju, put to vote and declared carried unanimously.

SPECIAL BUSINESS

5. APPOINTMENT OF SRI N VENKATARAMANI AS DIRECTOR

The following Resolution was proposed by Sri H Venkatesan, as an Ordinary Resolution:

"RESOLVED that Sri N Venkataramani be and is hereby appointed as a Director of the Company, liable for retirement by rotation."

The Resolution was seconded by Sri M Chakrapani, put to vote and declared carried unanimously.

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

6. APPOINTMENT OF SRI HARSHA VIJI AS DIRECTOR

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

"RESOLVED that Sri Harsha Viji be and is hereby appointed as a Director of the Company, liable for retirement by rotation."

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The Resolution was seconded by Sri M Ramaswamy, put to vote and declared carried unanimously.

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

7. APPOINTMENT OF SRI P N VENKATACHALAM AS DIRECTOR

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

"RESOLVED that Sri P N Venkatachalam be and is hereby appointed as a Director of the Company, liable for retirement by rotation."

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

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

Date: 9th Aug 2011


CHAIRMAN

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