

Sundaram Finance Limited

Registered Office: 21 Patullos Road, Chennai 600 002

NOTICE

Notice is hereby given that the Fifty-ninth Annual General Meeting of the Shareholders of the Company will be held on Monday, the 16th July 2012, at 10.25 A.M. at the Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014, to transact the following business:

ORDINARY BUSINESS

- To receive and adopt the audited statement of accounts for the year ended 31st March 2012 and to consider the reports of the Directors and Auditors thereon.
- To declare a final dividend.
- To elect a Director in the place of Sri S Viji, who retires by rotation and being eligible, offers himself for re-election.
 - To elect a Director in the place of Sri S Prasad, who retires by rotation and being eligible, offers himself for re-election.
 - To elect a Director in the place of Sri Aroon Raman, who retires by rotation and being eligible, offers himself for re-election.
- To appoint Auditors and fix their remuneration. Messrs. Brahmayya & Company, Chartered Accountants, Chennai, retire and are eligible for re-appointment.

SPECIAL BUSINESS

- To consider and if thought fit, to pass with or without modifications, the following resolution 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	₹ 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 / Compensation and Remuneration Committee.
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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 a ceiling of 150% of annual salary.
MINIMUM REMUNERATION	Where in any financial year, during the currency of tenure of the Managing Director, 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 XIII to the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

- To consider and if thought fit, to pass with or without modifications, the following resolution 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 ₹ 15000 cr. (Rupees fifteen thousand crore only).”

By Order of the Board

P VISWANATHAN

Secretary & Compliance Officer

Chennai 600 002

28.05.2012

Note:

- A member entitled to attend and vote is entitled to appoint a proxy and such a proxy need not be a member.**

The proxy form duly stamped and executed, should be deposited at the Registered Office of the Company at least forty-eight hours before the time fixed for the commencement of the meeting.

- The register of members and share transfer books of the Company will remain closed from 02.07.2012 to 16.07.2012 (both days inclusive).
- Members are requested to:
 - Provide Permanent Account Number;
 - Opt for National Electronic Clearance Service (NECS) facility for receiving dividend direct to their bank account;
 - Provide latest bank account details, wherever NECS facility is not available, for prompt credit and for avoiding fraudulent encashment / loss in postal transit of dividend warrant; and
 - Avail nomination facility.

For this purpose,

- shareholders holding shares in electronic mode may approach their respective depository participants (DP) and
 - shareholders holding shares in physical mode can approach M/s. Cameo Corporate Services Limited, our Registrar & Share Transfer Agent – Telephone Number 044 2846 0390, Email: investor@cameoindia.com.
- Members who are holding shares in physical form are requested to avail dematerialisation facility. For further information, please refer to FAQs posted by National Securities Depository Limited on its website www.nsdl.co.in.

Encl: Proxy form

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

SPECIAL BUSINESS

ITEM 5

At the Annual General Meeting held on 24.07.2008, Sri T. T. Srinivasaraghavan was appointed as Managing Director for a period of 5 years with effect from 01.04.2008, on a remuneration comprising salary of ₹ 2,25,000/- per month in the scale of ₹ 2,25,000 - ₹ 3,50,000, together with commission and perquisites. He is presently drawing a salary of ₹ 3,50,000/- per month.

Your Board of Directors at the meeting held on 28.05.2012, re-appointed Sri T. T. Srinivasaraghavan as Managing Director for a period of 5 years with effect from 01.04.2013 on a salary of ₹ 4,00,000/- per month in the scale of ₹ 4,00,000/- to ₹ 7,00,000/-, commission subject to a ceiling of 1% of the net profits and perquisites which is subject to a ceiling of 150% of the annual salary. The perquisites payable to Sri T. T. Srinivasaraghavan is detailed in the annexure to this statement.

Accordingly, an Ordinary Resolution is submitted for your consent.

This explanatory statement together with the accompanying notice is and should be treated as an abstract of the terms of re-appointment of Sri T. T. Srinivasaraghavan and Memorandum of Interest required to be sent to the shareholders under Section 302 of the Companies Act, 1956.

INTEREST OF DIRECTORS

None of the Directors except Sri T T Srinivasaraghavan is concerned or interested in the said re-appointment.

ITEM 6

At the Annual General Meeting held on 15.07.2010, the Board of Directors were authorised to borrow upto a limit of ₹ 12000 cr. (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) under Section 293(1) (d) of the Companies Act, 1956. The present aggregate borrowings including temporary loans obtained from the Company's bankers amount to ₹ 10361.47 cr.

As at 31.03.2012, the own funds of the Company have risen to ₹ 1787.86 cr. The capital adequacy ratio of the Company is comfortable at 16.33%, well above the required level, leaving sufficient scope for further borrowings.

It is considered desirable to raise the present limit of borrowing to ₹ 15000 cr. Accordingly, the Ordinary Resolution as set out in the notice is submitted for consideration and the Board recommends that the resolution be passed.

INTEREST OF DIRECTORS

None of the directors of the Company is interested in the resolution.

Chennai 600 002
28.05.2012

By Order of the Board
P VISWANATHAN
Secretary & Compliance Officer

ANNEXURE TO THE EXPLANATORY STATEMENT

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.
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.

Particulars of the Directors seeking re-appointment in the forthcoming Annual General Meeting pursuant to Clause 49 of the Listing Agreement

ITEMS 3 & 5

Name of Director	Sri S Viji	Sri S Prasad
Date of Birth	June 7, 1946	May 30, 1948
Expertise in specific functional areas	Has over 4 decades of experience in Banking, Finance, Insurance and Automotive Component Manufacturing Industry.	Has ten years' experience in industry as finance professional and thirty years' experience as a practicing CA.
Qualifications	B.Com, A.C.A, M.B.A (University of Michigan – USA)	F.C.A.
List of other companies in which directorship held as on 31st March 2012	<p>Chairman:</p> <ul style="list-style-type: none"> - Sundaram BNP Paribas Home Finance Ltd. <p>Managing Director:</p> <ul style="list-style-type: none"> - Brakes India Ltd. <p>Director:</p> <ul style="list-style-type: none"> - Sundaram Trustee Co. Ltd. - T V Sundram Iyengar & Sons Ltd. - Wheels India Ltd. - Royal Sundaram Alliance Insurance Co. Ltd. - Sundaram Industries Ltd. - Sundaram Dynacast Pvt. Ltd. - The Dunes Oman LLC (FZC) - BIH Braking Company Ltd. 	<p>Director:</p> <ul style="list-style-type: none"> - Wheels India Ltd. - India Motor Parts & Accessories Ltd. - Sakthi Auto Motors Ltd. - Royal Sundaram Alliance Insurance Company Ltd. - MSE Financial Services Ltd.
Chairman / Member of the Committees of the Board of other companies in which he is a Director as on 31st March 2012	<p>Member:</p> <p>Audit Committee</p> <ul style="list-style-type: none"> - Wheels India Ltd. - Brakes India Ltd. <p>Share Transfer & Investor Relations Committee</p> <ul style="list-style-type: none"> - Wheels India Ltd. 	<p>Chairman:</p> <p>Audit Committee</p> <ul style="list-style-type: none"> - Wheels India Ltd. - India Motor Parts & Accessories Ltd. - Royal Sundaram Alliance Insurance Company Ltd. <p>Member:</p> <p>Share Transfer & Investor Relations Committee</p> <ul style="list-style-type: none"> - Wheels India Ltd. <p>Audit Committee</p> <ul style="list-style-type: none"> - MSE Financial Services Ltd.
Shareholding as on 31st March 2012:		
(a) held individually	4,44,240 shares	Nil
(b) held as Karta of HUF	2,39,956 shares	Nil
(c) held jointly with others	4,342 shares	Nil
(d) held as Executor / Trustee	4,85,872 shares*	Nil
Relationship with other Directors	Brother of Sri S. Ram, Director & Father of Sri Harsha Viji, Director (Strategy & Planning)	–

* Held jointly as Trustees, Sri T S Santhanam Testamentary Trust.

Name of Director	Sri Aroon Raman	Sri T T Srinivasaraghavan
Date of Birth	March 21, 1960	January 19, 1955
Expertise in specific functional areas	Has nearly 2 decades of experience in manufacturing, marketing and sales of insulation business and interested in research and innovation in the area of technical non-wovens.	Has over 3 decades of experience in Banking and Financial Services.
Qualifications	M.A. (Econ.) M.B.A. (Finance & Marketing)	B.Com., MBA
List of other companies in which directorship held as on 31st March 2012	<p>Director:</p> <ul style="list-style-type: none"> - Edutech NTTF Pvt. Ltd. - Anahita Investments Pvt. Ltd. - Wheels India Ltd. - TVS Automobile Solutions Ltd. <p>Managing Director:</p> <ul style="list-style-type: none"> - Raman FibreScience Pvt. Ltd. 	<p>Chairman:</p> <ul style="list-style-type: none"> - Infreight Logistics Solutions Ltd. <p>Director:</p> <ul style="list-style-type: none"> - Sundaram Asset Management Company Ltd. - Sundaram BNP Paribas Home Finance Ltd. - Royal Sundaram Alliance Insurance Company Ltd. - Sundaram Infotech Solutions Ltd. - Sundaram Business Services Ltd. - Brakes India Ltd. - Flometallic India Ltd. - Sundaram Insurance Broking Services Ltd.
Chairman/Member of the Committees of the Board of other companies in which he is a Director as on 31st March 2012	<p>Member:</p> <p>Audit Committee</p> <ul style="list-style-type: none"> - Wheels India Ltd. 	<p>Chairman:</p> <p>Audit Committee</p> <ul style="list-style-type: none"> - Infreight Logistics Solutions Ltd. - Sundaram Business Services Ltd. - Brakes India Ltd. - Sundaram Infotech Solutions Ltd. <p>Member:</p> <p>Audit Committee</p> <ul style="list-style-type: none"> - Flometallic India Ltd
Shareholding as on 31st March 2012:		
(a) held individually	2,98,948 shares	Nil
(b) held as Karta of HUF	Nil	61,596 shares
(c) held jointly with others	Nil	1,08,188 shares
(d) held as Trustee	Nil	1,07,646 shares
Relationship with other Directors	—	—