

ROYAL SUNDARAM GENERAL INSURANCE CO. LIMITED

[Formerly known as Royal Sundaram Alliance Insurance Company Limited]

(Regd Office: 21 Patullos Road, Chennai 600 002) CIN: U67200TN2000PLC045611

Email: sr.balachandher@royalsundaram.in Website: www.royalsundaram.in

Corp. Office: 'VISHRANTHI MELARAM TOWERS' 2/319, RAJIV GANDHI SALAI
KARAPAKKAM, CHENNAI 600 097, Ph: 91-44-7117 7117, Fax: 91-44-71137121

NOTICE OF THE EXTRA ORDINARY GENERAL MEETING OF THE SHAREHOLDERS

NOTICE is hereby given that an Extraordinary General Meeting of the Shareholders of the Company will be held on Monday, 1st August 2016 at 9:30 a.m at the Registered Office of the Company at 21, Patullos Road, Chennai 600 002, to transact the following business:

SPECIAL BUSINESS:

1. To consider and if thought fit to pass with or without modification(s), the following as **SPECIAL RESOLUTIONS:**

“RESOLVED that pursuant to the provisions of Sections 23, 42, 71 and all other applicable provisions of the Companies Act, 2013 read with rules made thereunder including the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 and pursuant to the provisions of the Insurance Act, 1938 read with rules and regulations made thereunder including the Insurance Regulatory and Development Authority of India (Other Forms of Capital) Regulations, 2015, the Insurance Regulatory and Development Authority Act, 1999 including any amendments made to the above Acts and Rules from time to time and in accordance with the Rules, Regulations, Guidelines, Notifications, Circulars and clarifications issued thereon from time to time by any other competent authorities, the enabling provisions of the Memorandum of Association and Articles of Association of the Company, and subject to necessary approvals, permissions, consents and sanctions of IRDAI and any other statutory authorities as required and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall include any of the Director(s) or person(s) authorized by the Board by way of a Resolution to exercise powers conferred by this resolution to the extent permitted by law) the consent, authority and approval of the members of the Company be and is hereby accorded to the Board to offer, issue and allot up to 1,000 (One thousand only) unsecured, subordinated, redeemable, non-convertible debentures having face value of Rs.10,00,000/- (Rupees Ten lakhs only) each (the “Debentures”) to eligible persons, for an aggregate consideration of up to Rs.100,00,00,000/- (Rupees One hundred crore only), on a private placement basis, in one or more series/tranches and on such terms and conditions which may be agreed to by the Board at its discretion.

“FURTHER RESOLVED that for the purpose of giving effect to the above resolutions, the Board be and is hereby authorized to do all such acts, deeds, matters and things including but not limited to finalisation and approval for the preliminary as well as final offer document(s) / information memorandum / private placement offer letter, determining the form and manner of the issue, including the persons to whom the Debentures are to be issued and allotted, number of Debentures to be allotted, issue price, face value, premium amount on issue, if any, tenor, interest/coupon rate issue schedule / period, execution of various transaction documents, setting up of the debenture redemption reserve as and when required, making application to regulatory authorities (including IRDAI, etc) to obtain their approval for issuance of Debentures, making other necessary Regulatory filings, signing necessary declarations, agreements, deeds and documents, as it may in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Debentures and utilization of the issue proceeds as it may in its absolute

discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

2. To consider and if thought fit to pass with or without modification(s), the following as **ORDINARY RESOLUTIONS**:

"RESOLVED that subject to the applicable provisions of the Companies Act, 2013, Insurance Act, 1938 as may be amended from time to time and subject to approval of the Insurance Regulatory and Development Authority of India (IRDAI), as may be required, the members take on record the issue of 500 stock options of Sundaram Finance Limited (SFL), granted by SFL to Mr. M S Sreedhar, Managing Director (DIN: 07153983) pursuant to the special resolution passed by the members of SFL on 24th July 2008 and later amended vide special resolution passed by its members on 23rd July 2015, and also vide their Board Resolution dated 30th May 2016.

"FURTHER RESOLVED that Mr M S Sreedhar be and is hereby permitted to accept the said stock options of Sundaram Finance Limited as and when the same is issued to him."

"FURTHER RESOLVED that other terms of remuneration payable by the Company to Mr. M S Sreedhar, Managing Director, and which was approved by the Shareholders of the Company and IRDAI in April 2015, shall remain the same.

By Order of the Board



S.R. Balachandher
Company Secretary

Place: Chennai
Date: 28th June 2016

Notes:

- a) The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of item no. 1 and 2 to be transacted at the meeting is annexed hereto.
- b) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company.
- c) 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.
- d) Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative as required under section 113 of the Companies Act, 2013 to attend and vote on their behalf at the Meeting.
- e) All the documents referred to in the Notice will be available for inspection by the Members at the Registered Office of the Company between 10:30 a.m and 12:30 p.m. on all working days from the date hereof up to the date of the Meeting.

Encl.: Proxy form

Explanatory Statement under Section 102 (1) of the Companies Act, 2013

Special Business

Item No.1

The insurance sector has been witnessing a steady growth in the past few years. It is expected that the growth prospects of the Indian economy will increase the insurance penetration levels. Further we have budgeted a GWP of Rs.2001 cr. at a growth rate of 18% during this financial year 2016-17.

Raising of money in the form of subordinated debt will help the Company in meeting its long term growth objectives without any dilution of the equity capital and to meet the Solvency Margin requirements.

Recently the Insurance Regulatory and Development and Authority of India (the Authority) had permitted insurers to raise additional capital through subordinated debt or preference issue of shares and these also qualify as capital for the purpose of solvency margin requirements. After assessing the various options available, we are proposing to raise additional capital through issue of debentures to meet our solvency margin requirements for the year ending 31st March 2017. Based on the revised paid up capital of Rs.331 cr., the Company can issue debentures up to Rs.102 cr. (25% of Paid up Equity Share Capital of Rs.331 cr. and Securities Premium of Rs.78 cr.) as per the guidelines issued by IRDAI on alternate forms of Capital on a on a private placement basis. The Debentures proposed to be issued will be unsecured, subordinated, redeemable, non-convertible debentures. The terms and conditions of the issue will be decided by the Board of Directors and subject to the approval of the Authority.

The borrowing limits post issuance will be less than the share capital and free reserves as permitted under Section 180(1)(c) of the Companies Act, 2013, hence approval of the Members for increase in borrowing limits is not required. However, since the proposed issuance of debentures would be through private placement basis, the Company is required to obtain consent of the Members by passing a special resolution in accordance with the provisions of Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

The approval of the Members is now being sought by way of a Special Resolution under Sections 42 and 71 of the Act read with the Rules made thereunder, to enable the Company to offer or invite subscriptions of up to 1,000 (Rupees one thousand only) unsecured, subordinated, redeemable, non-convertible debentures having face value of Rs.10,00,000/- (Rupees Ten lakhs only) each aggregating to Rs.100,00,00,000/- (Rupees One hundred crore only) on a private placement basis, in one or more tranches, during the period of one year from the date of approval of the Authority.

The Directors recommend the adoption of the Resolution at item no.1 of the Notice as a Special Resolution.

Interest of Directors

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the above subject.

Item No.2

In a growing and competitive market, it is important to take steps to retain key talent who are responsible for strategy formulation and implementation of the decisions of the Board and stakeholders. Keeping this objective in mind, the Board of our promoter company M/s Sundaram Finance Limited had formulated a policy of providing a special grant of stock options to the key executives in their subsidiaries. Such grants encourage prudent and sustainable execution of strategy with a long term focus, thereby adding value to the customers and the shareholders.

Accordingly, Mr. M S Sreedhar, Managing Director of your Company has been offered 500 options under the "Sundaram Finance Employee Stock Option Scheme (SFESOS) 2008 – Grant 8" at its Meeting held

on 30th May 2016. This issue of stock option in no way changes the terms of Remuneration approved by our Shareholders and the Insurance Regulatory and Development of Authority of India, in April 2015.

The options entitle Mr M S Sreedhar to acquire equal number of equity shares of Rs.10/- each of Sundaram Finance Limited from the Sundaram Finance Employees Welfare Trust. The options can be exercised any time at the exercise price of Rs.10/- per share between 1st June 2017 and 31st August 2017.

The Directors recommend the adoption of the Resolution as an Ordinary Resolution by the Shareholders.

Interest of Directors

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the above subject except Mr. M S Sreedhar, to the extent of grant of Stock option.