



SUNDARAM FINANCE
Enduring values. New age thinking.

SEC:109:18-19/SS
July 20, 2018

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 – 65th AGM held on 20th July 2018

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 65th Annual General Meeting held on 20th July 2018.

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 65TH 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 20TH JULY 2018 BETWEEN 10.00 A.M. AND 12.00 NOON.

PRESENT:

MEMBERS : 1940
PROXIES : 18 (representing 37 members)

1958

Chairman	Sri S. Viji
Directors	" S. Ram
	" N. Venkataramani
	" P.N. Venkatachalam
	" S. Mahalingam
	" S. Prasad
	" S. Ravindran
	" Rajiv C. Lochan
	Ms Shobhana Ramachandhran
Managing Director	Sri T.T. Srinivasaraghavan
Deputy Managing Director	" Harsha Viji
Director (Operations)	" A.N. Raju
Chief Financial Officer	" M. Ramaswamy
Secretary & Compliance Officer	" P. Viswanathan
Statutory Auditor	" K Srinivasan, Partner, Sundaram & Srinivasan

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 2018, 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. However, at the request of some shareholders, the Secretary read out first and fourth paragraphs of the Auditors' Report.

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

- Pursuant to the sanctioning of the Composite Scheme of Arrangement and Amalgamation (Scheme) by the Hon'ble National Company Law Tribunal (NCLT), Division Bench, Chennai, the various actions as required by the Scheme were given effect to from the appointed date, i.e. 1st April 2016. Accordingly, the non-financial services businesses and investments of the Company were demerged into Sundaram Finance Holdings Limited (SFHL). As a result, the shared services and BPO operations hitherto carried out by the Company and the investments in companies engaged primarily in the manufacture and distribution of automotive components, are now vested in SFHL. As envisaged under the scheme, all the shareholders of the Company were allotted shares of the face value of ₹5/- each in SFHL on a



1:1 basis and the shares were listed on the National Stock Exchange on 26th March 2018.

- The accounts for the financial year ended 31st March 2018 have been prepared after giving effect to the Scheme and, therefore, the figures given herein and elsewhere in the Annual Report are not strictly comparable with those of the previous year.
- Sundaram Infotech Solutions Limited (SISL) was amalgamated with the Company with effect from the 'Appointed Date', 1st April 2016, pursuant to the Order of the Hon'ble National Company Law Tribunal (NCLT), Division Bench, Chennai, dated 26th September 2017.
- The Indian Economy continues to be considered the fastest growing, amongst the major world economies.
- According to provisional estimates, GDP growth is expected to grow at 7.3%.in 2018-19.
- The introduction of the Goods and Services Tax (GST) on 1st July 2017, posed myriad issues ranging from initial teething troubles to several technical issues. However, it is hoped that the antedated benefits of unified tax regime will flow through in due course.
- Retail inflation, measured by the changes in the consumer price index (CPI), which averaged 3.6% during 2017-18, has risen steadily and stood at 4.9% in May 2018. The Wholesale price index (WPI) based inflation, which averaged 2.9% for 2017-18, increased to 4.4% in May 2018.



- Other key indicators such as industrial growth, including growth in core infrastructure industries, registered a growth of 4.2% (on a cumulative basis) during the year as compared to 4.8% during 2016-17.
- India's foreign exchange reserves which stood at USD 424.5 billion at the end of March 2018 have come down to USD 412.8 billion, as of May 2018, largely on account of exits by foreign portfolio investors.
- The Commercial vehicle industry faced significant turbulence in 2017-18. The BS IV emission norms that went into effect from April 1, 2017, meant that prices of commercial vehicles increased sharply.
- Continuing focus of the government on infrastructure, robust demand in parts of Northern India and the substantial discounts that were on offer, ensured that M&HCV sales registered a growth of 12.5%, for the year.
- Light and small commercial vehicles sales also increased by 13%, while sales of Passenger Cars and Utility vehicles grew by 8%.
- Relatively good monsoons in the last two years coupled with subsidy support and a good harvest enabled the tractor industry to record a growth of 22% in the previous year
- The company's total disbursements stood at ₹15,632 cr., registering a healthy growth of 18% over the previous year, mainly due to the company's sharper focus on the rapidly growing construction equipment and tractor segments and



the deepening of its presence in new geographies and market segments.

- Gross receivables managed by the Company stood at ₹28,648 cr. as at 31st March 2018, thereby registering a growth of 19% over the previous year.
- Gross and Net NPAs as at 31st March, 2018 were lower at 1.29% and 0.50%, respectively, as against 1.54% and 0.55% respectively, in the previous year, a testimony to the prudent credit underwriting policies followed by the Company.
- The net profit for the year after considering the effects of demerger was ₹532.95 cr. as against ₹460.57 cr. (adjusted net profit on demerger) in the previous year, registering a growth of 16%.
- The company's Net-Worth stood at ₹3,970.85 cr. as on 31st March 2018, while the consolidated net profit and net worth stood at ₹711.54 cr. and ₹4,902.34 cr. respectively, as at the same date.
- The net accretion to public deposits during the FY 2017-18 was ₹88.25 cr.
- Directors recommended a final dividend of ₹7/- per share, which together with the interim dividend of ₹5/- per share paid during May 2018 aggregates to a total dividend of ₹12/- per share for the financial year ended 31st March 2018, on the paid-up capital of ₹111.10 cr.



- Most estimates suggest that the Indian economy is likely to grow at 7.3% in 2018–19. The Society of Indian Automobile Manufacturers (SIAM) expects the growth momentum of Commercial vehicle sales to continue at 10–12% in 2018–19. The government’s continuing emphasis on infrastructure and a recovery in the mining sector bodes well for sales of tippers. Sales of passenger vehicles are expected to grow at 8–10% (utility vehicles at 14–15% and cars at 8–9%). As per a report by CRISIL, tractor sales are projected to increase by 11–13% in 2018–19, assuming a normal monsoon and increased government support. However, global developments, notably the looming trade wars, could add a layer of uncertainty to economic growth. Diesel prices continue to remain stubbornly high and coupled with higher interest rates could prove a dampener from the point of view of the transport operator’s viability and consequently on commercial vehicle offtake.
- With inflation numbers trending upwards and liquidity tightening, interest rates have already shown an upward bias in the first quarter of the current financial year. RBI, for the first time in almost two years, raised the policy rate by 25 basis points in June this year, with wide prediction for further increases in the coming months.
- The Company has taken these factors into account in drawing up its plans for the year. While concentrating on its core markets and product segments, the company sees significant opportunities in the rapidly growing construction equipment segment, as also the LCV and tractor segments. Rising interest rates and intensifying competition are likely to exert pressure on margins. The company expects to manage this



through financing an appropriate mix of higher and lower yielding assets, while ensuring that asset quality continues to remain best in class.

- Sundaram Asset Management Company Limited earned a gross income of ₹308.04 cr. and reported a profit after tax of ₹38.24 cr. (PY ₹30.73 cr.). The Average Assets under Management of the Company were ₹34,306 cr. for the year 2017–18, registering a healthy growth of 21% over the previous year. The company recommended a dividend of 40% for the year.
- Sundaram BNP Paribas Home Finance Limited reported a profit after tax of ₹136 cr. (PY ₹154 cr.). The loan portfolio stood at ₹8,336 cr. as at 31st March 2018 as against ₹7,639 cr. in the previous year. The gross and net NPAs stood at 3.27% and 1.09% respectively, as at 31st March 2018. The company proposed a dividend of 35% for the year (PY 35%).
- Royal Sundaram General Insurance Co. Limited reported a Gross Written Premium (GWP) of ₹2,643 cr. as compared to ₹2,205 cr. in the previous year, a robust growth of 19.86%, and was amongst the fastest growing general insurers in the segments where it operates. Profit after tax for the year was ₹ 83.00 cr., as against ₹43.05 cr. in the previous year.
- As per the Ministry of Corporate Affairs notification, in March 2016, NBFCs having a net worth of ₹500 cr. or more, and their holding, subsidiary, joint venture or associate companies, are required to adopt the Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standard Rules, 2015) for accounting periods beginning from 1st April 2018 onwards. Accordingly, the



Company's accounts commencing from the quarter ending 30th June 2018, will be drawn up under Ind AS.

- The government has increased the maximum safe axle weight of commercial vehicles (CV), resulting in a 14-18 % increase in the load-carrying capacity of trucks, in a move that is intended to reduce logistics costs in the country. Gross vehicle weight (GVW) of a two-axle truck has been increased from 16.2T to 18.5T; similarly, GVW for a three-axle truck has been increased from 25T to 28.5T and for a five-axle truck from 37T to 43.5T. The load carrying capacity of tractor trailers has also been increased. The notification is however silent on whether the norms will be applicable only for new vehicles or for existing vehicles as well. Even on a prospective basis, a host of technical issues, such as braking systems, chassis and axle design and tyres will need to be addressed, before this can take effect. While a prospective application of the new axle load limits is unlikely to have an impact on sale of new CVs, making them applicable to existing vehicles, could have negative implications for new CV offtake in the near term.

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, Deputy 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 stated 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	66267223
Votes in favour of the Resolution	66267214
Votes against the Resolution	9
Votes in favour	99.99999%



“RESOLVED that the Audited Financial Statements, including the Consolidated Financial Statements, of the Company, for the year ended 31st March 2018 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	66267223
Votes in favour of the Resolution	66267214
Votes against the Resolution	9
Votes in favour	99.99999%

“RESOLVED that a final dividend of ₹7.00 per share (70% on the face value of ₹10/-), as recommended by the Directors, be and is hereby declared for the year ended 31st March 2018 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 5th July 2018, making with the interim dividend of ₹5.00 per share (50% on the face value of ₹10/-), a total dividend of ₹12.00/- per share (120% on the face value of ₹10/-) for the year 2017-18 and that the total dividend amount of ₹13,332.46 lakhs representing the said total dividend of ₹12/- per share (120% on the face value of ₹10/-) be paid out of the profits for the year 2017-18.”

3. RE-ELECTION OF SRI S. VIJI AS DIRECTOR – ORDINARY RESOLUTION



	Total (E-voting and Poll)
Number of valid votes received	50572799
Votes in favour of the Resolution	50572471
Votes against the Resolution	328
Votes in favour	99.99935%

“RESOLVED that Sri S. Viji (holding DIN:00139043), the retiring Director, be and is hereby re-elected as Director of the Company, liable for retirement by rotation.”

4. APPOINTMENT OF AUDITORS – ORDINARY RESOLUTION

	Total (E-voting and Poll)
Number of valid votes received	66267223
Votes in favour of the Resolution	66255317
Votes against the Resolution	11906
Votes in favour	99.98203%

“RESOLVED that pursuant to the amendments to Section 139(1) of the Companies Act, 2013 and Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014, the appointment of M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai (Regn. No. 004207S), made at the 64th Annual General Meeting as the Statutory Auditors of the Company, to hold office for a term of five (5) consecutive years from the conclusion of the 64th Annual General Meeting until the conclusion of the 69th Annual General Meeting, be and is hereby ratified with effect from the conclusion of the 65th Annual General Meeting until the conclusion of the 69th Annual General Meeting.”



“FURTHER RESOLVED that the remuneration payable to M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, towards statutory audit, tax audit and certification, apart from GST and reimbursement of travelling and other out-of-pocket expenses incurred by them, may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors, for the period commencing from the conclusion of the 65th Annual General Meeting until the conclusion of the 69th Annual General Meeting of the Company.”

5. RE-ELECTION OF SRI S. RAM AS DIRECTOR – SPECIAL RESOLUTION

	Total (E-voting and Poll)
Number of valid votes received	49249699
Votes in favour of the Resolution	49238285
Votes against the Resolution	11414
Votes in favour	99.97682%

“RESOLVED that Sri S. Ram (holding DIN: 00018309), the retiring Director, be and is hereby re-elected as Director of the Company, liable for retirement by rotation.”

6. APPROVAL OF MAKING LOANS UNDER SECTION 186 OF THE COMPANY – SPECIAL RESOLUTION



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	Total (E-voting and Poll)
Number of valid votes received	66267223
Votes in favour of the Resolution	63006250
Votes against the Resolution	3260973
Votes in favour	95.07906%

“RESOLVED that pursuant to the provisions of Section 186 and other applicable provisions, if any, of the Companies Act, 2013, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to make loans to any persons or other bodies corporate, from time to time, for such amounts, such that the outstanding loans together with investments made, guarantees given and securities provided by the Company, does not exceed ₹50,000 cr. at any one time, notwithstanding that the aggregate of the said loans/investments/guarantees/securities, may exceed the limits prescribed under the said section.”

“FURTHER RESOLVED that the Board of Directors of the Company be and are hereby authorised to determine the (a) persons/bodies corporate to whom the loans can be granted and (b) terms and conditions (including the rate of interest which shall not be less than the prevailing yield on the government securities closest to the tenor of the loan), tenor, margin required, security to be provided, etc., relating to such loans.”

7. APPROVAL OF PAYMENT OF REMUNERATION BY WAY OF COMMISSION TO NON-EXECUTIVE DIRECTORS



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

	Total (E-voting and Poll)
Number of valid votes received	61318665
Votes in favour of the Resolution	61299933
Votes against the Resolution	18732
Votes in favour	99.96945%

“RESOLVED that pursuant to Regulation 17(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with applicable provisions of the Companies Act, 2013, the Company be and is hereby authorised to pay remuneration by way of commission to the Non-Executive Directors upto 1% of the net profits of the company, commencing from the financial year 2019-20.

FURTHER RESOLVED that the Board of Directors may, at its discretion, decide the quantum of remuneration by way of commission within the above limit and distribute the same amongst the eligible Directors in such proportion and in such manner, as may be decided, from time to time.”

With a vote of thanks, the meeting concluded.

Place: Chennai

Date: 20-JULY-2018


CHAIRMAN