



**SUNDARAM FINANCE**  
Enduring values. New age thinking.

SEC:124:19-20/SS  
July 19, 2019

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 – 66th AGM held on 19th July 2019

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 66th Annual General Meeting held on 19th July 2019.

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 66<sup>TH</sup> 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 19<sup>TH</sup> JULY 2019 BETWEEN 10.00 A.M. AND 12.30 P.M.**

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PRESENT:

MEMBERS : 2165  
PROXIES : 22 (representing 31 members)

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2187  
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<b>Chairman</b>	Sri S. Viji
<b>Directors</b>	" S. Ram
	" R Raghuttama Rao
	" P.N. Venkatachalam
	" S. Mahalingam
	" S. Prasad
	" S. Ravindran
	" Rajiv C. Lochan
	Ms Shobhana Ramachandhran
<b>Managing Director</b>	Sri T.T. Srinivasaraghavan
<b>Deputy Managing Director</b>	" Harsha Viji
<b>Director (Operations)</b>	" A.N. Raju
<b>Chief Financial Officer</b>	" M. Ramaswamy
<b>Secretary &amp; Compliance Officer</b>	" P. Viswanathan
<b>Statutory Auditor</b>	" 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 2019, 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.

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

- GDP growth dropped to a 20- quarter low of 5.8%, year on year, in the fourth quarter of 2018–19, driven primarily by a negative growth in the agricultural sector and a slowdown in manufacturing. For the year as a whole, GDP growth stood at 6.8%, against 7.2% in the previous year.
- Retail inflation climbed to a 6-month high in April 2019 (2.9%) but remains well within the Reserve Bank of India's (RBI) comfort zone.
- India's foreign exchange reserves which stood at USD 412.9 billion at the end of March 2019 have gone up to USD 426.4 billion, as of June 2019. RBI's Monetary policy committee (MPC) raised the repo rate from 6% to 6.50% in two stages in June and August 2018, against the backdrop of rising inflation and a sharp increase in global crude oil prices.
- However, with the easing of headline inflation and stable crude oil prices, the MPC has, between February and June 2019, effected three successive reductions of 0.25% each in the repo rate, which now stands at 5.75%. Significantly, the MPC has also indicated a shift in policy stance from stable



to accommodative, perhaps an indication of more cuts to come.

- The NBFC sector and the wider financial markets witnessed considerable turmoil with the default of AAA rated IL&FS in August 2018. This was followed by a few more downgrades of NBFCs and Housing finance companies, as a result of which liquidity for the NBFC sector, particularly the small and medium players, was severely constricted. Consequently, the cost of funds for NBFCs witnessed a sharp increase, reflecting the liquidity situation as well as the heightened risk perception of lenders.
- The recently presented Finance Budget 2019 seeks to carry forward the process of fiscal consolidation. The main thrust of the budget appears to be on attracting greater FDI, continuing investments in infrastructure and an ambitious disinvestment programme. The government has set a growth target of 8% and a vision of a USD 5 trillion economy by 2024. The fact that such an objective has actually been defined is commendable but the real test lies in the execution.
- Turning specifically to the financial sector, there are several noteworthy proposals, both on the capital markets front and the regulatory and taxation fronts. The proposal to permit transfer or sale of investments made by FIIs/FPIs in debt securities issued by Infrastructure Debt Fund – Non-Bank Finance Companies (IDF-NBFCs) to domestic investors and allow AA rated bonds as collateral, should hopefully kick off the long talked about deepening of bond markets. The move to bring HFCs under RBI supervision is also very logical. After months of uninformed discourse on the 'NBFC crisis', the Hon'ble Finance Minister's acknowledgement of



the significant role played by them in last mile credit delivery and their vital contribution to the country's economic growth is indeed reassuring. The one-time partial credit guarantee offered to public sector banks for purchase of 'high-rated pooled assets' of financially sound NBFCs amounting to ₹1 lakh crore in FY 20 is a good confidence restoring move, while the removal of the Debenture Redemption Reserve for NBFCs opens up a viable avenue of resource raising for well-run NBFCs.

- 2018-19 was a difficult year for the automotive industry. Festive season demand which is one of the key drivers of vehicle sales was lacklustre, while natural calamities in two of the Southern states also acted as a dampener. Increasing fuel prices, withdrawal of several NBFCs from the market, revised axle load norms and buyer fatigue are some of the reasons attributed to the overall slowing down in the automotive sector. The M&HCV segment which witnessed very strong growth during the first half of the financial year saw a complete reversal of fortunes in the second half, with volumes dropping month after month, ending with an overall growth of 10% for the year. Passenger car/SUV sales registered a meagre 3% growth over the previous year.
- The company's total disbursements stood at ₹17,170 cr., registering a growth of 9.3% 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.



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- Gross receivables managed by the Company stood at ₹33,447 cr. as at 31st March 2019, thereby registering a growth of 17% over the previous year.
- Gross and Net NPAs as at 31st March, 2019 stood at 1.33% and 0.83%, respectively, as against 1.27% and 0.66% 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 exceptional profit (₹522.26 cr.) on sale of 25.9% stake in Royal Sundaram General Insurance Co. Limited was ₹1126.31 cr. as against ₹563.43 cr. in the previous year.
- The company's Net-Worth stood at ₹5043.81 cr. as on 31st March 2019.
- The net accretion to public deposits during the FY 2018-19 was ₹475.84 cr.
- Directors recommended a final dividend of ₹7.50 per share, and a special dividend of ₹5/- per share which together with the interim dividend of ₹5/- per share paid during February 2019 aggregates to a total dividend of ₹12.50 per share for the financial year ended 31st March 2019, on the paid-up capital of ₹111.10 cr.
- Most economic commentaries seem to point to a challenging year ahead for the economy in general and the automotive sector in particular. Growth in Vehicle sales has remained feeble for almost ten months now, for reasons articulated earlier. The uncertainties surrounding market liquidity, interest rates, global oil prices and the imminent introduction of the BS VI emission norms render forecasts difficult. As per the Society of Indian Automotive Manufacturers (SIAM),



M&HCV sales are estimated to grow at a mere 5 % and LCVs at 9%-10%, in 2019-20. With the new BS VI emission norms slated for implementation effective April 1 2020 and the likely increase in the prices of vehicles there are expectations of pre-buying, though there are divergent views on this. Sales of passenger vehicles (Cars and SUVs) are projected to grow at 3%-5%. Tractor sales are also expected to moderate after three or four years of strong growth. The Government's continuing thrust on infrastructure should hopefully provide some impetus to the Construction equipment and related segments. As always, much will depend on the progress of the Southwest monsoon, given its impact on the overall prosperity and well-being of rural India, which in turn will influence consumption spending.

- Worryingly, in the first quarter of the current financial year, sales of Medium and Heavy Commercial vehicles and Passenger cars/SUVs have fallen sharply by 16% and 18% respectively, compared to the same period last year.
- The Company has taken these factors into account in drawing up its plans for the year focussing on its core markets and segments, while simultaneously exploring opportunities in newer geographies.
- Sundaram Finance Holdings Limited (classified as a subsidiary under the applicable Accounting Standards) earned a gross income of ₹120.71cr and reported a profit after tax of ₹84.93 cr. The company recommended a dividend of ₹1.75 per share for the year.
- Sundaram Asset Management Company Limited is present in the Asset Management business through four entities: Sundaram Asset Management Company Ltd, Sundaram Asset Management Singapore (Pte) Ltd, Sundaram Trustee Company



Ltd and Sundaram Alternate Assets Ltd. Sundaram Alternate Assets Ltd was demerged from Sundaram Asset Management Company Ltd pursuant to the order of National Company Law Tribunal on 29th May 2018. On a consolidated basis, the assets under management for 2018-19 were ₹35,390 cr. as against ₹37,108 cr. for 2017-18. The total revenues and Profit after Tax of the asset management business amounted to ₹330.28 cr. and ₹28.83 cr. as against ₹343.53 cr. and ₹31.02 cr. respectively in the previous year.

- Sundaram BNP Paribas Home Finance Limited reported a profit after tax of ₹145.48 cr. (PY ₹144.42 cr.). The loan portfolio stood at ₹9041cr. as at 31st March 2019 as against ₹8336 cr. in the previous year. The gross and net NPAs stood at 2.95% and 1.39% respectively, as at 31st March 2019. The company proposed a dividend of ₹3.50 per share for the year (PY 35%).
- Royal Sundaram General Insurance Co. Limited (Royal Sundaram) reported a Gross Written Premium (GWP) of ₹3,196 cr. as compared to ₹2,643 cr. in the previous year, a robust growth of 21%, and was amongst the fastest growing general insurers in the segments where it operates. Profit after tax for the year was ₹121 cr., as against ₹83 cr. in the previous year.
- During the year, the Company divested 25.90% of its shareholding in Royal Sundaram to Ageas Insurance International N.V., Belgium, for a total consideration of ₹984.17 cr., thereby bringing down the Company's shareholding in Royal Sundaram from 75.90% to 50%.
- The Board of Directors approved the acquisition of 49.9% stake in Sundaram BNP Paribas Home Finance Limited (Sundaram Home), from BNP Paribas Personal Finance S.A.





(BNPPF), France, subject to necessary regulatory approvals. After the proposed acquisition, the Company's stake in Sundaram Home will increase from 50.1% to 100% making it a wholly-owned subsidiary of the Company.

- Further, the Board of Directors have also approved the acquisition of 49% stake in Sundaram BNP Paribas Fund Services Limited (SBFS), from BNP Paribas Securities Services, France, subject to necessary regulatory approvals. After this proposed acquisition, the Company's stake in SBFS will increase from 51% to 100% and SBFS will become a wholly-owned subsidiary of the Company.
- Your Company has, for the first time, adopted the Indian Accounting Standards (IND-AS) as required by the Companies Act 2013. Accordingly, the financial statements have been drawn up under IND-AS.
- NBFCs have long sought parity with banks in respect of taxability of income on non-performing assets, under Section 43D of the Income Tax Act. Currently, interest on certain bad or doubtful debts made by scheduled banks and other financial institutions is allowed to be offered to tax only in the year in which this interest is actually received. In the recent Budget, it has been proposed to extend this facility to deposit taking as well as systemically important non-deposit taking NBFCs as well. This is indeed a long overdue and welcome step.

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	66218082
Votes in favour of the Resolution	66218079
Votes against the Resolution	3
Votes in favour	99.9999%



“RESOLVED that the Audited Financial Statements, including the Consolidated Financial Statements, of the Company, for the year ended 31st March 2019 and the Board’s and Auditors’ Reports thereon, be and are hereby approved and adopted.”

**2. DECLARATION OF FINAL AND SPECIAL DIVIDEND -  
ORDINARY RESOLUTION**

	Total (E-voting and Poll)
Number of valid votes received	66260707
Votes in favour of the Resolution	66260704
Votes against the Resolution	3
Votes in favour	99.9999%

“RESOLVED that a final dividend of ₹7.50/- per share (75% on the face value of ₹10/-) and an additional special dividend of ₹5/- per share (50% on the face value of ₹10/-), as recommended by the Directors, be and is hereby declared for the financial year ended 31<sup>st</sup> March 2019 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 4<sup>th</sup> July 2019, making with the interim dividend of ₹5.00 per share (50% on the face value of ₹10/-), a total dividend of ₹17.50/- per share (175% on the face value of ₹10/-) for the year 2018-19 and that the total dividend amount of ₹194.43 cr. representing the said total dividend of ₹17.50/- per share (175% on the face value of ₹10/-) be paid out of the profits for the year 2018-19.”



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


	Total (E-voting and Poll)
Number of valid votes received	64624142
Votes in favour of the Resolution	64533045
Votes against the Resolution	91097
Votes in favour	99.8590%

“**RESOLVED** that Sri S. Ravindran (holding DIN:00045076), the retiring Director, be and is hereby re-elected as Director of the Company, liable for retirement by rotation.”

4. RE-ELECTION OF SRI T T SRINIVASARAGHAVAN AS  
DIRECTOR – ORDINARY RESOLUTION

	Total (E-voting and Poll)
Number of valid votes received	64940227
Votes in favour of the Resolution	64897241
Votes against the Resolution	42986
Votes in favour	99.9338%

“**RESOLVED** that Sri T.T. Srinivasaraghavan (holding DIN:00018247), the retiring Director, be and is hereby re-elected as Director of the Company, liable for retirement by rotation.”



**5. RE-CLASSIFICATION OF SRI BARATH RENGARAJAN,  
PROMOTER, AS PUBLIC – ORDINARY RESOLUTION**

	Total (E-voting and Poll)
Number of valid votes received	65797187
Votes in favour of the Resolution	65792489
Votes against the Resolution	4698
Votes in favour	99.9929%

“**RESOLVED** that pursuant to Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, the consent of the Company be and is hereby accorded for the re-classification of the status of Sri Barath Rengarajan, promoter, as public.”

“**FURTHER RESOLVED** that the Board of Directors and Key Managerial Personnel of the Company be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient for the purpose of giving effect to this resolution, execute applications / other documents to be submitted to the stock exchange(s) and take all other steps in this regard.”

**6. APPOINTMENT OF SRI R RAGHUTTAMA RAO AS INDEPENDENT  
DIRECTOR – ORDINARY RESOLUTION**

	Total (E-voting and Poll)
Number of valid votes received	65826314
Votes in favour of the Resolution	65826011
Votes against the Resolution	303
Votes in favour	99.9995%



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**“RESOLVED** that, pursuant to Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013 and pursuant to Reg. 16(1)(b) and 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Sri R Raghuttama Rao (holding DIN: 00146230), who was appointed as an Additional Director to function as Independent Director of the Company by the Board of Directors with effect from 1st April 2019 and who holds office until the date of the Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying the member’s intention to propose Sri R Raghuttama Rao as a director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years upto March 31, 2024, not liable to retire by rotation”

With a vote of thanks, the meeting concluded.

Place: Chennai

Date: 19<sup>th</sup> July 2019

  
CHAIRMAN