**MINUTES OF THE PROCEEDINGS OF THE 70TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF SUNDARAM FINANCE LIMITED HELD THROUGH VIDEO CONFERENCING ON FRIDAY, THE 21st DAY OF JULY 2023 BETWEEN 10.00 A.M. AND 11.00 A.M.**

**PRESENT:**

MEMBERS* : 122

* includes Directors and Key Management Personnel who were present in person at a central location

| | |
|---|---|
| **Chairman** | Mr. S. Viji |
| **Directors** | Mr. S. Prasad |
| | Mr. P.N. Venkatachalam |
| | Ms. Shobana Ramachandhran |
| | Mr. R. Raghuttama Rao |
| | Mr. L. Ganesh |
| | Mr. T.T. Srinivasaraghavan |
| | Mr. Srivats Ram |
| | Mrs. Bhavani Balasubramanian |
| **Executive Vice Chairman** | Mr. Harsha Viji |
| **Managing Director** | Mr. Rajiv C. Lochan |
| **Deputy Managing Director** | Mr. A.N. Raju |
| **Chief Financial Officer** | Mr. M. Ramaswamy |
| **Secretary & Compliance Officer** | Mr. P.N. Srikant |
| **Statutory Auditors** | Mr. Shirish Rahalkar, B.K. Khare & Co, Partner<br>Mr. Karthik Srinivasan, B.K. Khare & Co, Partner<br>Mr. V. Chandrasekaran, Partner, N.C. Rajagopal & Co.<br>Mr. S. Arjun, Partner, N.C. Rajagopal & Co. |
| **Secretarial Auditor** | Mr. M. Damodaran, Damodaran & Associates LLP |
| **Scrutinizer** | Mr. T. K. Bhaskar, Partner, H&B Partners |

Mr. S. Viji occupied the Chair and called the meeting to order.

He informed the members that a certificate had been obtained from the practising Company Secretary regarding compliance with Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

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 2023, being an unqualified one, was not required to be read out at the Annual General Meeting as per the provisions of Section 145 of the Companies Act, 2013.

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

- The year started with the impact of the Russia-Ukraine war that resulted in a sharp commodity price surge, further heightening Covid-related inflationary pressures. Consequently, inflation remained persistently at elevated levels across economies. To counter this, most central banks across the globe remained in tightening mode and focussed on aggressive rate hikes to cool demand and bring down the high inflation levels.

- As monetary policy actions were taking effect, the banking turmoil in the US and Europe during March, involving the closure of three banks in the US and sale of a Swiss bank, and the accompanying concerns about financial stability in the regions, rattled the global financial markets. The US Federal Reserve responded swiftly with measures that directly addressed the concerns around contagion through various assurances, easing market fears.

- The global economy was able to overcome challenges through the year and was expected to grow at about 2.9% in the calendar year 2023 according to IMF estimates. That said, geopolitical tensions, upsurge in financial market volatility and tightening global financial conditions continued to be causes for concern for the growth outlook of economies across the world.

- India's economic growth in financial year 2023, which was the first year of uninterrupted functioning of the economy after two years of disruption caused by the Covid-19 pandemic, was robust. Domestic economic activity exhibited resilience, particularly in the second half of financial year 2023 and the National Statistical Office placed the real GDP growth for financial year 2023 at 7.2%, higher than the second advance estimate of 7.0%.

- India's growth estimate for financial year 2023 had been higher than almost all major economies and even slightly above the average growth of the Indian economy in the decade leading up to the pandemic. Among the various measures initiated by the Government of India to counter the disruption caused by the pandemic, the vaccination coverage across the country had not only saved lives, but also played a crucial role in serving as a health stimulant to raise consumer sentiments. This had boosted private consumption and helped in the recovery and growth of the economy.

- The country's level of inflation was a cause for concern, rising from 5.5% in financial year 2022 to 6.7% during financial year 2023, largely due to rising international commodity prices, as well as local weather conditions like excessive heat and unseasonal rains, which kept food prices high.

- Unlike global inflation which was the result of demand-side drivers, inflation in India in financial year 2023 was driven by supply side challenges. Inflation has subsequently stabilised during the second quarter of financial year 2023, falling sharply from 6.4% in February 2023 to 4.7% in April 2023 largely due to the softening across all the three major groups, viz., food, fuel and core inflation.

- As part of the efforts to restrain inflation, the RBI, like other central banks, increased the policy repo rate by 250 basis points from 4% to 6.5% between May 2022 and February 2023, and drained out excess liquidity. Additionally, the Government introduced a slew of measures like cutting excise and customs duties, and restricting exports in select commodities & products, to control the inflationary trend.

- Fiscal deficit, which reached 9.2% of GDP during financial year 2021, moderated to 6.7% of GDP in financial year 2022 and had been budgeted to reach 6.4% of GDP in financial year 2023, thanks to prudent fiscal management by the Government and supported by appreciable increase in revenue collection over the last two years.

- Impacted by the global shocks, the Indian Rupee touched an all-time low of 83.2 per US$ during October 2022. It recovered during November 2022, riding on a depreciating US dollar and net inflows through foreign portfolio investments. These factors, coupled with a sharp increase in India's net services exports, helped stabilise the Rupee, which was at 82.2 per US$ at the close of financial year 2023.

- As on 31st March, 2023, the country's foreign exchange reserves stood at USD 578.4 billion, equivalent to 9.8 months of projected merchandise imports in financial year 2023 or 94.4% of outstanding external debt at end-December 2022.

- The automotive sector was a key driver of India's economic growth and contributed about 7% to the country's overall GDP. After witnessing various challenges like economic slowdown, widespread disruption caused by the pandemic, semi-conductor chip shortages, supply chain dislocations and price escalation for successive years, the automotive sector witnessed healthy growth across all segments during financial year 2023.

- The automotive sector grew by 20% supported by strong replacement demand in commercial vehicles, healthy urban demand in passenger vehicles and higher infrastructure spending providing fillip to tippers and construction equipment. In December 2022, India became the 3rd largest automobile market, surpassing Japan and Germany in terms of sales.

- The commercial vehicle segment grew by 34% in financial year 2023 over financial year 2022 driven by robust freight movement pan-India, increases in infrastructure spending and pre-buying given the expected price hikes due to transitioning to Phase 2 of BS6 on 1st April, 2023. Medium & Heavy Commercial Vehicles sales grew by 49% while intermediate, light and small commercial vehicles grew by 27%.

- Sales of cars & utility vehicles grew by 27%, recording a new high for the number of passenger vehicle sales in the country. The early part of the year witnessed continued post-pandemic pent up demand, and the latter part of the year witnessed easing of the semi-conductor shortage issue as well as the launch of a slew of new models by the OEMs.

- Utility vehicles and high-end variant demand continued to remain high, while the higher inflation and consequent increased interest rates adversely impacted demand for entry level models.

- The tractor segment witnessed a growth of 12% driven by robust agriculture output procurement at healthy support prices, a normal monsoon, various government schemes and subsidies for farm mechanisation, and a substantial easing in the availability of finance.

- On the export front, overall exports across segments witnessed a decline of about 15% due to global macroeconomic uncertainty with the export of passenger vehicles being the sole bright spot witnessing a growth of nearly 14%.

- After two years of disruption caused by the Covid-19 pandemic, financial year 2023 was the first uninterrupted year of operations for the Company. The Company's disbursements at an all-time high of ₹20,966 cr. (previous year ₹13,275 cr.) registered a healthy growth of 58% during the year under review, reflecting the robust market conditions in the automotive sector and focused efforts of the Company.

- Disbursements across all asset classes had been consistent and registered strong growth. Gross receivables managed by the Company as of 31st March, 2023, stood at ₹39,950 cr., as against ₹33,774 cr., recording a growth of 18% over the previous year. During the year, overall margins had been under pressure due to the increase in interest rates, but the Company's "AAA" credit rating and the treasury team's ability to raise resources at competitive rates enabled it to maintain its margins at a reasonably healthy level.

- The Company's superior credit standards, strong customer relationships and systematic collection efforts had enabled it to navigate turbulent times and ensured best-in-class performance on asset quality. Stage III assets, gross and net of ECL provisions, stood at 1.66% and 0.85% respectively, as at 31st March, 2023.

- The Company had been maintaining comfortable liquidity in the form of liquid investments and undrawn bank limits, to meet its maturing liabilities.

- The Company registered a net profit of ₹1,088 cr. compared to ₹903 cr. in the previous year, a growth of 20.5%. The Company's net worth stood at ₹7,737 cr., as on 31st March 2023. Capital adequacy (CRAR) at 22.77% was comfortably higher than the statutory requirement of 15%.

- The Directors were pleased to recommend a final dividend of ₹15/- per share, which together with the interim dividend of ₹12/- per share paid during March 2023, aggregated to a total dividend of ₹27/- per share for the financial year ended 31st March 2023, on the paid-up capital of ₹111.10 cr. The final dividend, if approved by the shareholders, would be recognised as a liability in financial year 2023-24.

- The Indian economy was expected to be amongst the fastest growing major economies in financial year 2024, backed by strong domestic drivers and strengthening macroeconomic fundamentals. Weak external demand and protracted geopolitical tensions continued to pose risks to the outlook. India's real GDP growth for financial year 2024 had been projected at 6.5% by the RBI.

- Inflation had been showing signs of moderation and had remained within tolerance levels during the second quarter of calendar year 2023. For financial year 2024, inflation had been projected at 5.1%. According to the Monetary Policy Committee of the Reserve Bank of India (MPC), the disinflation towards the target rate of 4% was likely to be gradual and protracted. Interest rates were expected to remain around the current levels for some time. The Monetary Policy Committee of the Reserve Bank of India, at its meeting held in early June 2023, decided to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 6.50%.

- The south-west monsoon in the backdrop of a likely El Nino weather pattern and its impact on food prices would require close monitoring. Additionally, several global factors, namely, geopolitical hostilities, volatile financial markets, supply chain dislocations, crude oil prices, inflation and climate shocks like heat waves and unseasonal rains, were areas of key concern. Domestic responses on the monetary and fiscal policy front to these global factors will influence India's macroeconomic trajectory.

- The overall outlook for the automotive sector seemed to be positive, with growth across all segments expected to continue. However, in line with the macroeconomy, the automotive sector outlook was also faced with downside risks for financial year 2024. Under these circumstances, the Company continued to rely on its time-tested Growth with Quality and Profitability (GQP) philosophy. Key priorities included:

    i. Delivering growth across all asset classes and geographies to sustain the momentum established in financial year 2023,
    ii. Ensuring that the asset quality remained best-in-class,
    iii. Maintaining traditional levels of net interest margin by ensuring that cost of borrowing remained competitive and optimising yield by driving a judicious balance across asset classes and customer segments, and,

iv. Expanding the Company's geographic footprint in the regions of operations and accelerating growth in its new areas of focus – lending to MSMEs, NBFCs and the leasing business.

- Sundaram Finance Holdings Limited earned a gross income of ₹130.61 cr. and reported a profit after tax of ₹94.75 cr. The company paid a final dividend of ₹1.50/- per share (30%) for the year. This, together with the interim dividend of ₹1.50 per share (30%) paid during February 2023, would aggregate to a total dividend of ₹3.00/- per share (60%) for the financial year ended 31st March 2023. In addition, the company has paid a Special Dividend of ₹1.00/- per share (20%) for the financial year ended 31st March 2023.

- Sundaram Asset Management Company Limited was 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. On a consolidated basis, the assets under management for financial year 2022-23 were ₹55,648 cr. as against ₹46,630 cr. for the previous year. The total revenues amounted to ₹379.26 cr. against ₹345.00 cr. for the previous year. Profit after tax was ₹78.72 cr. as against ₹71.63 cr. in the previous year.

- Sundaram Home Finance Limited reported 69% growth in disbursements to ₹3,901 cr. and a profit after tax of ₹215.41 cr. in the year under review. The loan portfolio stood at ₹11,181 cr. as at 31st March 2023 as against ₹9,495 cr. in the previous year, a growth of 18%. Stage 3 assets, gross and net of ECL provisions, stood at 2.26% and 1.13% respectively, as at 31st March 2023. The company paid a total dividend of ₹10.00 per share (100%) for the year (PY 80%).

- Sundaram Fund Services Limited earned an income of ₹4.60 cr. during the year as against ₹4.85 cr. in the previous year and reported a profit after tax at ₹2.26 cr., as against ₹2.27 cr. in the previous year.

- Royal Sundaram General Insurance Co. Limited (Royal Sundaram), the joint venture with Ageas Insurance, reported a Gross Written Premium (GWP) of ₹3,517 cr. in financial year 2023 as compared to ₹2,966 cr. in the previous year, representing a growth of 19%. The Company reported a profit after tax as per IND AS of ₹44 cr. for the current year as against ₹172 cr. in the previous year. The current year's profit as per IND AS was lower than the previous year mainly due to "mark to market loss" on equity investments. The Company recommended a dividend of ₹0.70/- (7%) per share for the year ended 31st March 2023.

After delivering his speech, the 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 3 shareholders were replied to by the Executive Vice Chairman and Managing Director.

Chairman announced that those members who had not exercised their votes through remote e-voting could do so through e-voting upto the conclusion of the meeting.

After conclusion of e-voting, Chairman stated that the final results of the voting (after consolidating the results of remote e-voting and e-voting at the time of the meeting) would be announced to the Stock Exchange and on the website of the Company within two working days 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 |
|---|---:|
| Number of valid votes received | 6,06,74,865 |
| Votes in favour of the Resolution | 6,06,74,853 |
| Votes against the Resolution | 12 |
| Votes in favour | 99.99% |

**RESOLVED** that the Audited Financial Statements, including the Consolidated Financial Statements, of the Company, for the year ended 31st March 2023 and the Board's and Auditors' Reports thereon, be and are hereby approved and adopted.

**2. DECLARATION OF FINAL DIVIDEND – ORDINARY RESOLUTION**

| | Total |
|---|---:|
| Number of valid votes received | 6,06,78,597 |
| Votes in favour of the Resolution | 6,06,78,585 |
| Votes against the Resolution | 12 |
| Votes in favour | 99.99% |

**RESOLVED** that a final dividend of ₹15/- per share (150% on the face value of ₹10/-), as recommended by the Directors, be and is hereby declared for the financial year ended 31st March 2023 on the paid-up capital of ₹111.10 cr. and the same be paid to the shareholders, whose names appear on the Register of Members of the Company on 5th July 2023, making with the interim dividend of ₹12/- per share (120% on the face value of ₹10/-), a total dividend of ₹27/- per share (270% on the face value of ₹10/-) for the year 2022- 23 and that the total dividend amount of ₹299.98 cr. representing the said total dividend of ₹27/- per share (270% on the face value of ₹10/-) be paid out of the profits for the year 2022-23.

### 3. RE-ELECTION OF MR. HARSHA VIJI AS DIRECTOR – ORDINARY RESOLUTION

| | Total |
|---|---|
| Number of valid votes received | 5,88,69,749 |
| Votes in favour of the Resolution | 5,72,33,220 |
| Votes against the Resolution | 16,36,529 |
| Votes in favour | 97.22% |

**RESOLVED** that Mr. Harsha Viji (holding DIN:00602484), the retiring Director, be and is hereby re-elected as Director of the Company, liable for retirement by rotation.

### 4. RE-ELECTION OF MR. RAJIV C. LOCHAN AS DIRECTOR – ORDINARY RESOLUTION

| | Total |
|---|---|
| Number of valid votes received | 6,06,64,627 |
| Votes in favour of the Resolution | 6,06,63,005 |
| Votes against the Resolution | 1,622 |
| Votes in favour | 99.99% |

**RESOLVED** that Mr. Rajiv C. Lochan (holding DIN:05309534), the retiring Director, be and is hereby re-elected as Director of the Company, liable for retirement by rotation.

### 5. CHANGE IN THE TERMS OF REMUNERATION RELATING TO THE LIMITS FOR GRANTING LONG TERM INCENTIVES AND ESOPS TO THE WHOLE-TIME DIRECTORS – ORDINARY RESOLUTION

| | Total |
|---|---|
| Number of valid votes received | 5,54,15,643 |
| Votes in favour of the Resolution | 5,54,14,162 |
| Votes against the Resolution | 1,481 |
| Votes in favour | 99.99% |

**RESOLVED** that in accordance with the provisions of Section 197 and 198, read with Schedule V to the Companies Act, 2013 (the Act), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and other applicable provisions, the Company hereby accords its approval and consent to the change in the terms of remuneration relating to the limits for granting Long Term Incentives and ESOPs to the Whole-time Directors of the Company, in the manner set out hereunder:

| Name | Designation | Long Term Incentive (Grant Value not exceeding) | ESOPs (Grant Value not exceeding) |
|---|---|---|---|
| | | (Amount in ₹) | |
| Mr. Harsha Viji | Executive Vice Chairman | 1,50,00,000 | - |
| Mr. Rajiv C. Lochan | Managing Director | 1,00,00,000 | 75,00,000 |
| Mr. A. N. Raju | Deputy Managing Director | 50,00,000 | 50,00,000 |

### 6. AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY – SPECIAL RESOLUTION

| | Total |
|---|---|
| Number of valid votes received | 6,06,78,597 |
| Votes in favour of the Resolution | 6,06,78,473 |
| Votes against the Resolution | 124 |
| Votes in favour | 99.99% |

**RESOLVED** that pursuant to Section 14 of the Companies Act, 2013, read with Reg. 23(6) of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and other applicable provisions, the Articles of Association of the Company be and is hereby altered in the following manner:

After Article 9.(j), the following Article shall be inserted:

9.(k). Subject to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013, the Board of Directors shall appoint the person nominated by the Debenture Trustee(s) in accordance with Reg. 15(1) (e) of the SEBI (Debenture Trustees) Regulations,1993, as a Nominee Director on the Board.

## 7. APPROVAL FOR INCREASE IN BORROWING LIMITS – SPECIAL RESOLUTION

| | Total |
|---|---|
| Number of valid votes received | 6,06,78,597 |
| Votes in favour of the Resolution | 6,06,47,755 |
| Votes against the Resolution | 30,842 |
| Votes in favour | 99.95% |

**RESOLVED** that pursuant to Section 180(1)(c) of the Companies Act, 2013, the consent of the Company be and is hereby accorded to the Board of Directors of the Company, for borrowing moneys, including foreign currency loans, 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 outstanding at any time (excluding exchange fluctuations in respect of foreign currency loans), apart from temporary loans obtained from the Company's bankers in the ordinary course of business, shall not exceed ₹50,000 cr. (Rupees Fifty Thousand Crores only).

With a vote of thanks, the meeting concluded.

Place: Chennai
Date: 21.07.2023

**CHAIRMAN**