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

MINUTES OF THE PROCEEDINGS OF THE 69TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF SUNDARAM FINANCE LIMITED HELD THROUGH VIDEO CONFERENCING ON WEDNESDAY, THE 27TH DAY OF JULY 2022 BETWEEN 10.00 A.M. AND 11.34 A.M.

PRESENT:

MEMBERS* : 105

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

Chairman	Sri S. Viji
Directors	Sri S. Prasad
	Sri P.N. Venkatachalam
	Ms Shobana Ramachandhran
	Sri S. Mahalingam
	Sri L. Ganesh
	Sri T.T. Srinivasaraghavan
	Sri Srivats Ram
Executive Vice Chairman	Sri Harsha Viji
Managing Director	Sri Rajiv C. Lochan
Deputy Managing Director	Sri A.N. Raju
Chief Financial Officer	Sri M. Ramaswamy
Secretary & Compliance Officer	Sri P.N. Srikant
Statutory Auditors	Sri Shirish Rahalkar, B.K. Khare & Co, Partner Sri Karthik Srinivasan, B.K. Khare & Co, Partner Sri V. Chandrasekaran, Partner, N.C. Rajagopal & Co. Sri S. Arjun, Partner, N.C. Rajagopal & Co.
Secretarial Auditor	Sri M. Damodaran, Damodaran & Associates
Scrutinizer	Sri T K Bhaskar, Partner, HSB Partners

Sri 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 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 2022, 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.

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

- The financial year 21-22 started with the virulent Wave 2 of the Covid-19 pandemic in the first quarter of the financial year. The year closed with optimism of a post Covid-19 pandemic recovery but the shock waves from the war in Ukraine and retaliatory economic sanctions on Russia have jolted the global economy and led to a costly humanitarian crisis.

- Economic damage from the conflict had contributed to a significant slowdown in global growth in 2022 and triggered inflation across the globe, which was expected to remain elevated for some time to come. Increasing fuel and food prices, coupled with shortage of essential commodities, had adversely affected large sections of vulnerable populations in low-income countries.

- Global growth was projected to slow down from an estimated 6.1% in 2021 to 3.6% in 2022 and 2023. Beyond 2023, it was forecasted to decline to about 3.3% over the medium term by the IMF.

- Global firms had been hit by the rise in energy and raw material prices. Emerging and developing economies that were net importers of energy were likely to be hit the hardest by surging international prices.

- The US economy had seen headline inflation in the 8-9% range, the highest level in four decades. The US Federal Reserve delivered a 75-basis point interest rate hike in June 2022 and was expected to announce an additional 75-100 basis point increase in their

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July meeting. The risk of a hard landing by way of a recession in the US economy could not be ruled out and this will have consequences across the globe.

- While businesses in different parts of the country had resumed their operations on a full-fledged basis, they were still facing macro-economic challenges caused by the pandemic and the war in Europe, which had lingered for nearly five months now.

- The third wave of the pandemic, which occurred in the later part of the year, had much less detrimental impact on the economy than the earlier ones. The last two quarters of the financial year 21-22 witnessed gradual pick-up in activity and most of the macro parameters such as consumption, investments, capacity utilisation, etc. saw improvements. Domestic economic activity had stabilised thereafter, with the ebbing of the third wave and the easing of restrictions.

- Urban demand appeared to have maintained expansion, but some weakness persisted in rural demand.

- Investment activity seemed poised to gain traction, partly due to the support extended by the central government which announced a package of measures for around ₹6.3 trillion including extension of ECLGS programme, expansion of PLI scheme, a DISCOM reform package and outlays for health sector.

- The Indian Rupee reached an all-time-low and extended its fall past ₹80 to the US dollar, tracking the strength of the US economy and persistent foreign fund outflows. RBI raised its policy rate by 40 basis points to 4.40% in an out-of-turn monetary policy meeting in May. This was hiked by an additional 50 basis points in the scheduled monetary policy meeting in June to 4.90%. In view of the expected continued inflationary pressures, markets seem to expect further rate hikes taking the Repo levels, to above pre-Covid levels.

- Fiscal deficit for financial year 21-22 improved to 6.71% of the GDP over the revised budget estimate of 6.9%, thanks to a significant increase in tax collections, especially direct tax.

- Inflation based on consumer price index rose to 7.8% in April 2022, largely due to the tense global geo-political situation and consequent elevated commodity prices.

- India's GDP growth for financial year 22-23 had been estimated at 7.2% by the RBI and consensus estimates by various agencies were in the 7.2-7.5% range, far better than the IMF's estimates for other major economies like the US, China, and Japan.

- Overall passenger and commercial vehicle sales witnessed a growth of 15.6% in the financial year 21-22. All segments faced supply side challenges and the industry was yet to see complete recovery after the disruptions it faced since the early 2020. There was a steep increase in commodity cost by 90%, aggravated further by the Russia - Ukraine war. Passenger vehicle exports were at 5.78 lakhs units during the financial year 21-22 when compared to 4.04 lakh units in financial year 20-21, providing fillip to the manufacturers. That said, exports were down by 13% when compared with pre-Covid levels.

- During the year, the sale of commercial vehicles as well as passenger vehicles got impacted in the first quarter of financial year 21-22 by the second wave of the pandemic, when most dealerships were closed, and RTO operations were impacted. Nevertheless, some sequential recovery was reported by the quarter ending September 2021 with volumes gradually improving.

- Commercial vehicle industry volumes improved through remainder of the year as a result of an improvement in the macroeconomic environment and a revival in demand in Medium and Heavy Commercial Vehicles, especially in the tipper & haulage segments. The industry registered sales of 7.16 lakh units, a 26% growth in sales over the previous year and reached the pre-pandemic fiscal year 19-20 levels.

- While Government interventions had helped in easing out most of the supply side challenges, rising interest rates coupled with the overall inflationary trend, could pose challenges for the end-customer, thereby impacting demand.

- The Company's disbursements at ₹13,275 cr. (previous year ₹11,742 cr.) were up by 13.1% during the year under review, reflecting the improved market conditions in the automotive sector and focused efforts of the company. Adjusting for the ECLGS disbursements, which were a one-time Covid dispensation, year-on-year growth in disbursements were at 24% for the year under review. Disbursements against Commercial Vehicles, Passenger cars and Utility Vehicles recorded stronger growth though in unit terms the growth was less than that in the industry.

- Gross receivables managed by the Company as of March 31, 2022, stood at ₹33,774 cr., as against ₹35,736 cr. The Company's tight rein on operating costs and its ability to raise resources at competitive rates enabled it to maintain its margins at a reasonably healthy level.

- While customers' business viability was improving post the pandemic, several sub-segments of customers – especially in the school bus, route bus and travel & tourism segments – continued to struggle with business recovery. However, the Company's superior credit standards, strong customer relationships and systematic collection efforts ensured best-in-class performance on asset quality.

- Stage III assets, Gross and Net of ECL provisions as at 31st March, 2022, stood at 2.19% (previous year at 1.84%) and 1.07% (previous year 1.01%) respectively.

- 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 ₹903 cr. compared to ₹809 cr. in the previous year, a growth of 11.7%. The Company's net worth stood at ₹6,893 cr., as on 31st March 2022. Capital adequacy (CRAR) at 24.37% was comfortably higher than the statutory requirement of 15%.

- The Directors were pleased to recommend a final dividend of ₹10/- per share, which together with the interim dividend of ₹10/- per share paid during March 2022, aggregated to a total dividend of ₹20/- per share for the financial year ended 31st March 2022, on the paid-up capital of ₹111.10 cr.

- The financial year 22-23 had gotten off to a mixed start for the Indian economy. The third wave of the Covid pandemic had been contained due, in large part, to the successful vaccination drive and the improved immunity levels within the population. The risk of a fourth wave remained but confidence and optimism seem to have been re-established among the general population. However, a confluence of global and domestic factors created macroeconomic uncertainty for the year.

- Globally, several factors including the escalation of geopolitical tensions in general and the Russia-Ukraine conflict in particular, hardening of global commodity prices, disruptions to the global supply chains due to Covid-related shutdowns in China, and, varying monetary policy actions by central banks around the globe and associated uncertainty, were impacting economic growth and price stability.

- Domestically, consumer demand & private investment remained tepid which were softening the momentum of the recovery. Sustained investment by the government in infrastructure as well as the forecast of another normal monsoon with robust sowing to date were positives for economic activity. Simultaneously, food and oil price inflation driven by global forces had reached multi-year highs warranting monetary policy actions despite inflation being driven by insufficient supply and not overstimulated demand.

- Competitive intensity in the financial services space was likely to remain high as banks expanded their franchise and new age fintech players attempted to disrupt the space with differentiated offerings and the promise of enhanced customer experience.

- On the regulatory front, financial year 22-23 would mark the transition to scale-based regulatory framework for NBFCs that the RBI had already announced.

- Under the turbulent conditions, it seems a given that interest rates would move up through the course of the year. The RBI had already increased interest rates by 90 basis points in the financial year and it as expected that the entire 115 basis points of pandemic accommodation would be unwound in the August Monetary Policy Committee Meeting.

- Government had announced several measures to improve supply of food grains and commodities. The headline inflation dropped from April's 7.79% to 7.04% in May and held steady at 7.01% in June. Further rate hikes by the Monetary Policy Committee were contingent upon how headline inflation moved through the rest of the year.

- Given the unpredictable environment, the Company would continue to rely on its time-tested Growth with Quality and Profitability (GQP) philosophy. Key priorities included:

i) Ensuring growth across all asset classes to regain and extend market share across all geographies and resume the pre-pandemic trajectory of growth of the asset book,
ii) Transitioning to the scale-based regulatory framework as required by the RBI on October 1 and ensuring that the asset quality remains best-in-class,
iii) Transmitting the increases in cost of borrowing through a judicious balance across asset classes and customer segments that ensured maintaining pre-pandemic levels of net interest margin, and,
iv) Expanding the Company's geographic footprint in the regions of operations and growing its new areas of focus – lending to MSMEs, NBFCs and the leasing business.

- **Sundaram Finance Holdings Limited** earned a gross income of ₹80.08 cr. and reported a profit after tax of ₹46.91 cr. The company paid a final dividend of ₹1/- per share (20%) for the year. During the year, the Company disinvested a 1.50% stake held in Sundaram Clayton Limited and the entire 14.98% stake held in TVS Investments Private Limited. Using the proceeds of these disinvestments, the Company paid a total Special Dividend of ₹1.75 per share (35%) for the financial year ended 31st March 2022.

- **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 21-22 were ₹46,630 cr. as against ₹36,962 cr. for the previous year. The total revenues and Profit after Tax of the asset management business amounted to ₹345 cr. and ₹71.63 cr. as against ₹288.20 cr. and ₹55.13 cr. respectively in the previous year. During the financial year 21-22, Sundaram Asset Management successfully acquired and completed the integration of Principal Asset Management's business.

- **Sundaram Home Finance Limited** reported 84% growth in disbursements to ₹2,311 cr. and a profit after tax of ₹167.70 cr. in the year under review. The loan portfolio stood at ₹9,495 cr. as at 31st March 2022 as against ₹9,173 cr. in the previous year. Stage 3 assets, gross and net of ECL provisions, stood at 3.00% and 1.57% respectively, as at 31st March 2022. The company paid a total dividend of ₹8.00 per share (80%) for the year (PY 70%).

- **Sundaram Fund Services Limited** earned an income of ₹4.85 cr. during the year as against ₹4.94 cr. in the previous year and reported a profit after tax at ₹2.27 cr., as against ₹0.11 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 ₹2,966 cr. in financial year 21-22 as compared to ₹2,883 cr. in the previous year, representing a growth of 2.8%. The Company reported a profit after tax (as per IND AS) of ₹172 cr. for the current year as against ₹313 cr. in the previous year. The current year's profit was lower primarily due to higher loss ratios caused by the Covid-19 pandemic and lower Mark to Market gain (net of tax) on equity investments compared to previous year. During the current year, ₹33 cr. was MTM gain vs ₹137 cr. in the previous year. The Company recommended a maiden dividend of ₹0.60/- (6%) per share for the year ended 31st March 2022.

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 5 shareholders were replied to by the Executive Vice Chairman, Managing Director and Chief Financial Officer.

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 result 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	6,65,76,125
Votes in favour of the Resolution	6,65,76,113
Votes against the Resolution	12
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 2022 and the Board's and Auditor's Reports thereon, be and are hereby approved and adopted."

2. DECLARATION OF FINAL DIVIDEND – ORDINARY RESOLUTION

	Total
Number of valid votes received	6,65,95,253
Votes in favour of the Resolution	6,65,95,241
Votes against the Resolution	12
Votes in favour	99.9999%

"**RESOLVED** that a final dividend of ₹10/- per share (100% on the face value of ₹10/-), as recommended by the Directors, be and is hereby declared for the financial year ended 31st March 2022 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 11th July 2022, making with the interim dividend of ₹10/- per share (100% on the face value of ₹10/-), a total dividend of ₹20/- per share (200% on the face value of ₹10/-) for the year 2021-22 and that the total dividend amount of ₹222.21 cr. representing the said total dividend of ₹20/- per share (200% on the face value of ₹10/-) be paid out of the profits for the year 2021-22."

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

	Total
Number of valid votes received	6,52,84,773
Votes in favour of the Resolution	6,45,55,137
Votes against the Resolution	7,29,636
Votes in favour	98.8824%

"**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."

4. RE-ELCTION OF SRI A.N. RAJU AS DIRECTOR– ORDINARY RESOLUTION

	Total
Number of valid votes received	6,65,56,245
Votes in favour of the Resolution	6,58,34,440
Votes against the Resolution	7,21,805
Votes in favour	98.9155%

"**RESOLVED** that Sri A.N. Raju (holding DIN:00036201), the retiring Director, be and is hereby re-elected as Director of the Company, liable for retirement by rotation."

5. CONTINUATION OF OFFICE OF SRI S. PRASAD AS INDEPENDENT DIRECTOR – SPECIAL RESOLUTION

	Total
Number of valid votes received	6,65,95,253
Votes in favour of the Resolution	6,22,27,500
Votes against the Resolution	43,67,753
Votes in favour	93.4413%

"**RESOLVED** that pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other applicable provisions, consent of the Company be and is hereby accorded for the continuation of office of Sri S. Prasad (holding DIN - 00063667) as an Independent Director of the Company upto the date of completion of the term approved by the shareholders, viz., 31st March 2024, notwithstanding that he would be attaining the age of seventy five years during the continuity of the term."

6. CONTINUATION OF OFFICE OF SRI S. MAHALINGAM AS INDEPENDENT DIRECTOR – SPECIAL RESOLUTION

	Total
Number of valid votes received	6,65,95,253
Votes in favour of the Resolution	6,65,72,883
Votes against the Resolution	22,370
Votes in favour	99.9664%

"**RESOLVED** that pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other applicable provisions, consent of the Company be and is hereby accorded for the continuation of office of Sri S. Mahalingam (holding DIN - 00121727) as an Independent Director of the Company upto the date of completion of the term approved by the shareholders, viz., 25th May 2024, notwithstanding that he would be attaining the age of seventy five years during the continuity of the term."

With a vote of thanks, the meeting concluded.

S. Viji

Place: Chennai
Date : 27-07-2022

CHAIRMAN