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

MINUTES OF THE PROCEEDINGS OF THE 71ST ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF SUNDARAM FINANCE LIMITED HELD THROUGH VIDEO CONFERENCING ON WEDNESDAY, THE 14TH DAY OF AUGUST 2024 BETWEEN 10.00 A.M. AND 10.50 A.M.

PRESENT:

MEMBERS* : 117

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

Chairman	Mr. S. Viji
Directors	Mr. T.T. Srinivasaraghavan*
	Mr. Srivats Ram
	Mr. R. Raghuttama Rao*
	Mr. L. Ganesh*
	Mrs. Bhavani Balasubramanian
	Dr. Kshama Fernandes*
	Mr. R. Venkatraman*
	Mrs. Anuradha Rao*
Executive Vice Chairman	Mr. Harsha Viji
Managing Director	Mr. Rajiv C. Lochan
Deputy Managing Director	Mr. A.N. Raju
CCO & Company Secretary	Mr. P.N. Srikant
Statutory Auditors	Mr. Shirish Rahalkar, B.K. Khare & Co, Partner* Mr. Karthik Srinivasan, B.K. Khare & Co, Partner* Mr. V. Chandrasekaran, Partner, N.C. Rajagopal & Co.* 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*

*attended through video conference mode

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 2024, 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 global economy has recovered well from the aftermath of a host of factors like the pandemic, inflationary pressures, challenging financial conditions and turmoil in the banking systems in some advanced economies.
- It has displayed commendable resilience in 2023-24 and achieved greater stability across sectors. According to the International Monetary Fund, the global GDP grew at an estimated rate of 3.2% in 2023.
- Inflation has been an area of prominent concern during 2023-24, prompting the central banks in advanced economies to continuously assess their monetary policies and tighten measures to curb the inflationary pressures. Many of them have hinted at a lowering of the interest rates., but there has been reluctance primarily due to persistent inflationary pressure. A growing majority of economists expect the U.S. Federal Reserve to cut interest rates during September and December 2024 according to a recent Reuters poll.
- The resurgence across major economies reflects broad-based growth and improvement in the confidence levels across governments and businesses. Emerging-market economies have also generally continued to grow at a solid pace. The benefits of improved macroeconomic policy frameworks, strong investment in infrastructure and steady employment gains are showing results.
- The conflict in West Asia during the second half of 2023 raised some geo-political concerns as well as market concerns around asset allocation. The pressure on global supply chains has eased, thereby reducing logistical challenges. Despite these positive trends, the global economy faced persistent challenges, including income inequality, rising debt levels, and geopolitical uncertainties.

- According to IMF, global growth is projected to continue at the same pace in 2024 and 2025 as the 3.2% growth estimated in 2023. Despite the healthy resilience exhibited by many economies, the IMF remains cautious in its outlook on the global economy. High borrowing costs, withdrawal of fiscal support, impact of the conflicts in Europe and West Asia, geo-political uncertainties and extreme weather conditions caused by global warming seem to be the primary reasons for the caution.

- The Indian economy presented a picture of confidence, positivity and optimism, with strong momentum. The Government's focus on maintaining macro-economic stability ensured that the external challenges had minimal impact on the country's economy. The National Statistical Office had initially estimated the country's GDP growth for 2023-24 at 7.6%. This was subsequently revised to an impressive 8.2%, thanks to a robust 8.4% growth in Q3 of 2023-24 and 7.8% growth in Q4 of 2023-24.

- Inflation, which was at 6.7% in 2022-23, moderated to 5.4% in 2023-24, within the upper tolerance level of the RBI's inflation-targeting framework. The Government undertook a set of policy measures such as reduction in customs and excise duties, and restricting exports in select commodities and products. These measures, coupled with timely monetary policy actions of the Reserve Bank of India, have played a crucial role in ensuring the improvement in inflation. Headline inflation has subsequently moderated marginally to 4.8% in April 2024 but continues to be a cause of concern primarily due to the impact of unpredictable weather conditions on agriculture and food prices.

- Fiscal deficit moderated to 5.8% in 2023-24 from 6.4% in 2022-23. It has been projected to improve further to 5.1% in 2024-25, thanks to prudent fiscal management and a significant increase in revenue collection over the last few years.

- The Indian Rupee remained steady within the range of ₹82 to ₹83.5 per US dollar during 2023-24. It is today one of the least volatile major currencies among both emerging markets and a few advanced economies. The relative stability of the rupee reflects the robustness of India's strong macroeconomic fundamentals, financial stability and improvements in its external position.

- The automotive sector posted a satisfactory performance in 2023-24, with the domestic industry growing by 7-8%, on top of a robust growth of 20% in 2022-23.

- The first half of the financial year was uncharacteristically buoyant on economic activity and automotive sector growth. The second half, by contrast, was relatively more tepid with demand slowing down soon after the festival season. Overall, industry sales came in well below expectations and inventory levels at dealerships continue to remain relatively high across nearly all asset classes.

- The growth in the domestic automobile industry was led primarily by the passenger vehicle segment, which registered a growth of 8.4%. According to the Society of Indian Automobile Manufacturers, the growth in this segment was driven by strong demand for utility vehicles which witnessed a significant growth of 25.8% primarily due to a shift in customer preferences and a slew of new model launches.

- The commercial vehicle segment grew by a modest 2-3% in 2023-24. Medium & Heavy Commercial Vehicle sales grew by 3-4%. Light and Small Commercial Vehicles grew by a more modest 1-2%. Haulage segment capacity utilisation remained relatively flat at 75-80%. A combination of better infrastructure, increased tonnage & axle load norms and relatively limited improvement in transporter viability supressed demand for capacity expansion.

- The Tractor & Farm Equipment segment witnessed a decline of 11% in 2023-24, although from a high base established in 2022-23 on the back of a 12% growth. The spatial and temporal variations in the near-normal monsoon were unusual. This impacted agricultural yield, rural economic activity as well as rural sentiments.

- The Material Handling & Construction Equipment industry had a record-setting year with 26% increase in unit sales. This is primarily attributable to the Government's investments in infrastructure development and to pre-election impetus to projects.

- The automotive industry demonstrated its commitment to sustainability by producing vehicles compliant with 20% ethanol and achieving significant growth in electric two-wheelers. OEMs are expected to continue to invest significantly in developing EV and other environment friendly platforms. However, customer acceptance will be the most important determining factor that will influence the pace of adoption of environment friendly vehicles.

- Exports continued to remain under stress and witnessed an overall decline of 5.5% during the financial year. There was a decline across all segments except passenger vehicles, which grew marginally by 1.4%.

- The Company's disbursements at ₹26,163 cr. have registered a significant growth of 25% during the year under review, reflecting the focused efforts of the Company. Disbursements across all asset classes have been consistent and registered strong growth. Gross receivables managed by the Company as of 31st March 2024, stood at ₹51,385 cr. recording a growth of 28.6% over the previous year. During the year, overall margins continued to be under pressure due to the increase in interest rates. 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 have ensured best-in-class performance on asset quality. Gross Stage III assets stood at 1.26% and Net Stage III assets closed at 0.63% as at 31st March, 2024.

- The Company has 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 ₹1,454 cr. compared to ₹1,088 cr. in the previous year, a growth of 33.6%. Excluding a one-time gain through sale of shares in Sundaram Finance Holdings Ltd., net profit closed at ₹1,334 cr., a growth of 22.6% over the previous year. The Company's net worth stood at ₹9,472 cr., as on 31st March 2024. Capital adequacy at 20.50% was comfortably higher than the statutory requirement of 15%.

- The Directors were pleased to recommend a final dividend of ₹16/- per share. The interim dividend of ₹14/- per share was paid during March 2024. In aggregate, the total dividend adds up to ₹30/- per share for the financial year ended 31st March 2024 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 2024-25.

- The Indian economy is expected to be amongst the fastest growing major economies in 2024-25, backed by strong domestic drivers and macroeconomic fundamentals. The Government demonstrated its strong commitment to infrastructure development by allocating a substantial Rs. 11.11 lakh crores for infrastructure and construction activities. Weak external demand, prolonged geopolitical tensions and unpredictable climate challenges continue to pose risks to the outlook. India's real GDP growth for financial year 2024-25 has been projected at 7.2% by the RBI.

- Inflation has been showing signs of moderation and has remained within tolerance levels. For financial year 2024-25, inflation has been projected at 4.5%, indicating nominal GDP growth of 11.5-12%. According to the Monetary Policy Committee of the RBI, the disinflation towards the target rate of 4% is likely to be gradual and protracted. Interest rates are expected to remain around the current levels for some time. In its meeting held in June 2024, as well as August 2024, the Monetary Policy Committee decided to keep the policy repo rate unchanged at 6.50%.

- The Indian Meteorological Department has predicted an above normal south-west monsoon with El Nino effects waning. This is expected to boost agricultural activity and revive rural demand.

- The general election results were unexpected. Instead of a comfortable majority predicted by the exit polls, the citizens voted in a coalition government at the centre. The union budget presented by the finance minister in July focuses on fiscal prudence, continued investment in infrastructure and a thrust on skill development and job creation. The trajectory of the country's economic growth will be driven by how well the coalition government is able to continue the implementation of its policy agenda.

- Demand in the automotive industry in the near term is expected to remain steady. Two-wheeler, passenger vehicle, and three-wheeler segment volumes are projected to continue trending upward supported by demand drivers. The commercial vehicle industry is expected to see flat volumes compared to last year due to a healthy base and muted demand.

- Under these circumstances, the Company continues to rely on its time-tested Growth with Quality and Profitability or GQP philosophy. Key priorities include:

    - Delivering growth across all asset classes and geographies to sustain the momentum established in 2023-24,
    - Ensuring that the asset quality remains best-in-class,
    - Maintaining traditional levels of net interest margin, and,
    - Expanding the Company's geographic footprint in the regions of operations and accelerating growth in its new areas of focus.

- During the last 3 years, the Reserve Bank of India has been taking various initiatives to strengthen the financial landscape in the country by harmonizing the regulatory framework applicable to banks and NBFCs. Accordingly, under the Master Directions for Scale Based Regulations issued by the RBI on 19th October 2023, the Company is now categorised as a Middle Layer Deposit Taking Non-Banking Finance Company.

- The focus of the regulator has been primarily on the prevalence of sound business practices, efficient customer grievance redressal mechanisms, effective procedures for prevention of money laundering & terrorism financing and robustness of the information security and cybersecurity framework.

- The Company is adequately geared up to manage and mitigate various types of risks that are likely to emanate from various quarters. The Management has taken appropriate steps to ensure that the operations, treasury, compliance, risk management, internal audit and information technology teams are well prepared to comply with the regulatory requirements both in letter and spirit.

- Sundaram Asset Management Company Limited is present in the Asset Management business through four entities: Sundaram Asset Management Company Limited, Sundaram Asset Management Singapore Private Limited, Sundaram Trustee Company Limited and Sundaram Alternate Assets Limited. On a consolidated basis, the assets under management for financial year 2023-24 were ₹72,013 cr. as against ₹55,648 cr. for the previous year. The total revenues amounted to ₹307.63 cr. against ₹270.16 cr. for the previous year. Profit after tax was ₹91.72 cr. as against ₹81.19 cr. in the previous year.

- Sundaram Home Finance Limited reported 29% growth in disbursements to ₹5,029 cr. and a profit after tax of ₹235.83 cr. in the year under review. The loan portfolio stood at ₹13,812 cr. as at 31st March 2024 as against ₹11,181 cr. in the previous year, a growth of 23.5%. Stage 3 assets, gross and net of ECL provisions, stood at 1.16% and 0.50% respectively, as at 31st March 2024. The company paid a total dividend of ₹5.823 per share (58.23%) for the year.

- Sundaram Fund Services Limited earned an income of ₹1.28 cr. during the year as against ₹1.00 cr. in the previous year and reported a profit after tax at ₹0.28 cr., as against loss 0.19 cr. in the previous year.

- Royal Sundaram General Insurance Co. Limited, the joint venture with Ageas Insurance, reported a Gross Written Premium of ₹3,825 cr. in financial year 2024.

This represents a growth of 9% over the previous year. The Company reported a profit after tax as per IND AS of ₹169 cr. for the current year as against ₹44 cr. in the previous year. The current year's profit as per IND AS was higher than the previous year mainly due to "mark to market gain" on equity investments. The Company recommended a dividend of ₹0.70/- per share for the year ended 31st March 2024.

The Chairman advised the shareholders that they could seek clarifications, if any, on the audited accounts and on all other subjects, as well.

Queries raised by 2 shareholders were replied to by the Executive Vice Chairman and Managing Director.

The 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, the 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	7,76,47,278
Votes in favour of the Resolution	7,76,46,658
Votes against the Resolution	620
Votes in favour (%)	99.9992%

RESOLVED that the Audited Financial Statements, including the Consolidated Financial Statements of the Company, for the year ended 31st March 2024 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	7,77,05,066
Votes in favour of the Resolution	7,77,04,446
Votes against the Resolution	620
Votes in favour (%)	99.9992%

RESOLVED that a final dividend of ₹16/- per share (160% on the face value of ₹10/-), as recommended by the Directors, be and is hereby declared for the financial year ended 31st March 2024 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 31st July 2024, making with the interim dividend of ₹14/- per share (140% on the face value of ₹10/-), a total dividend of ₹30/- per share (300% on the face value of ₹10/-) for the year 2023- 24 and that the total dividend amount of ₹333.31 cr. representing the said total dividend of ₹30/- per share (300% on the face value of ₹10/-) be paid out of the profits for the year 2023-24.

3. APPOINTMENT OF JOINT STATUTORY AUDITORS – ORDINARY RESOLUTION

	Total
Number of valid votes received	7,76,55,879
Votes in favour of the Resolution	7,71,15,643
Votes against the Resolution	5,40,236
Votes in favour (%)	99.3043%

RESOLVED that in accordance with the RBI Guidelines for Appointment of Statutory Auditors of Banks and NBFCs notified on 27th April 2021 (RBI Guidelines), read with the provisions of Sections 139 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the consent of the Company be and is hereby accorded for appointing the following two Chartered Accountant firms as Joint Statutory Auditors of the Company, to hold office for a term of three (3) consecutive years, from the conclusion of the 71st Annual General Meeting to the conclusion of the 74th Annual General Meeting, in the place of M/s B. K. Khare & Co., Chartered Accountants, Mumbai and M/s N. C. Rajagopal & Co., Chartered Accountants, Chennai who complete their three (3) year term of office at the conclusion of the 71st Annual General Meeting, in accordance with the RBI Guidelines:

(a) M/s Brahmayya & Co., Chartered Accountants, Chennai (Regn. No. 000511S); and

(b) M/s R.G.N Price & Co., Chartered Accountants, Chennai (Regn. No. 002785S).

FURTHER RESOLVED that the Board of Directors of the Company be and are hereby severally authorised to finalise the remuneration payable to the Joint Statutory Auditors from time to time, apart from certification fee, GST, and reimbursement of travelling and other out-of-pocket expenses to be incurred by them, in connection with the audit.

4. RE-ELECTION OF MR. VIJI AS DIRECTOR – SPECIAL RESOLUTION

	Total
Number of valid votes received	7,63,71,492
Votes in favour of the Resolution	7,54,19,351
Votes against the Resolution	9,52,141
Votes in favour (%)	98.7533%

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

5. RE-ELECTION OF MR. SRIVATS RAM AS DIRECTOR – ORDINARY RESOLUTION

	Total
Number of valid votes received	7,58,77,358
Votes in favour of the Resolution	7,50,27,014
Votes against the Resolution	8,50,344
Votes in favour (%)	98.8793%

RESOLVED that Mr. Srivats Ram (holding DIN: 00063415), the retiring Director, be and is hereby re-elected as Director of the Company, liable for retirement by rotation.

6. REVISION IN SCALE OF BASIC SALARY PAYABLE TO MR. HARSHA VIJI, EXECUTIVE VICE CHAIRMAN – ORDINARY RESOLUTION

	Total
Number of valid votes received	7,58,47,031
Votes in favour of the Resolution	7,55,163,64
Votes against the Resolution	3,30,667
Votes in favour (%)	99.5640%

RESOLVED that in accordance with the provisions of Sections 197 and 198, read with Schedule V to the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable regulatory provisions, if any, the Company hereby accords its approval and consent for a revision in the scale of basic salary payable to Mr. Harsha Viji, Executive Vice Chairman, with effect from 1st April 2025, as set out hereunder:

SCALE OF BASIC SALARY (per month)	₹15,00,000/- to ₹25,00,000/- Annual increase will be effective 1st April every year and the quantum will be decided by the Board of Directors, based on the recommendation of the Nomination, Compensation and Remuneration Committee.

7. BORROWING IN EXCESS OF PAID-UP CAPITAL AND FREE RESERVES – SPECIAL RESOLUTION

	Total
Number of valid votes received	7,76,51,213
Votes in favour of the Resolution	7,70,75,138
Votes against the Resolution	5,76,075
Votes in favour (%)	99.2581%

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 ₹60,000 cr. (Rupees Sixty Thousand Crores only).

With a vote of thanks, the meeting concluded.

Place: Chennai

Date: 14.08.2024

CHAIRMAN