



SUNDARAM FINANCE HOLDINGS

SEC:024:20-21/GN
July 15, 2020

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 – 26th AGM held on 15th July 2020

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 26th Annual General Meeting held on 15th July 2020.

Thanking you,

Yours truly,
For Sundaram Finance Holdings Limited

P N Srikant
Secretary & Compliance Officer

Sundaram Finance Holdings Limited

MINUTES OF THE PROCEEDINGS OF THE 26TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF SUNDARAM FINANCE HOLDINGS LIMITED HELD THROUGH VIDEO CONFERENCING, ON WEDNESDAY, THE 15TH JULY 2020 BETWEEN 10.00 A.M. AND 10.40 A.M.

PRESENT:

MEMBERS*	:	80
PROXIES	:	-

		80

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

Chairman	Sri T.T. Srinivasaraghavan
Directors	" R. Venkatraman
	" S. Prasad
	" Srivats Ram
	" Harsha Viji
Chief Executive Officer	" S. Ravi
Chief Financial Officer	" V. Vaasen
Secretary & Compliance Officer	" P.N. Srikant
Statutory Auditor	" K. Venkatakrishnan, Partner, R.G.N. Price & Co, Chartered Accountants, Chennai
Secretarial Auditor	" A. Kalyana Subramaniam
Scrutinizer	" T.K. Bhaskar, Partner, HSB Partners

Sri T.T. Srinivasaraghavan occupied the Chair and called the meeting to order.

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 2020, 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.

The following are the highlights of the speech delivered by Sri T.T. Srinivasaraghavan, Chairman:

- Pursuant to the demerger of the non-financial services investments of Sundaram Finance Limited into your Company, the Company had been categorised as an exempted 'Core Investment Company' (CIC). However, as on the date of the last audited balance sheet, i.e. 31st March 2020, the overall investments of the Company in Group Companies had fallen below the threshold limit specified in the Directions, i.e. 90% of the net assets, primarily due to the valuation of investments under IND AS 113, as a result of which the Company ceases to be a CIC. Accordingly, the Company has initiated steps to register itself with the Reserve Bank of India as a Non-Banking Finance Company (NBFC).
- The IMF in its World Economic Outlook (WEO) Update of January 2020, estimated global output to grow at 2.9 per cent in 2019, declining from 3.6 per cent in 2018 and 3.8 per cent in 2017 representing the slowest growth since the global financial crisis of 2009 but struck a slightly optimistic note projecting a rebound in global economic growth in 2020 with a modest uptick to 3.3 per cent. However, the COVID-19 outbreak altered everything within a few short weeks.



- The global economy is now in the throes of the deepest recession since the Great Depression of the 1930s and the global economic outlook is uncertain. In its latest World Economic Outlook, the IMF has projected a negative growth of 4.9% describing this situation as “A crisis Like no other” and warns that COVID -19 will have an acute impact on low-income households throughout the globe. It has also cautioned that all countries, even those that have seemingly passed peaks in infections, should ensure that their healthcare systems are adequately resourced.
- The outbreak of the COVID-19 pandemic in the fourth quarter completely overshadowed the events of the previous nine months. The abrupt collapse of economic activity resulting from a sharp supply-side shock was reflected in an IIP contraction of -0.7% in FY20. The stock markets experienced strong selling pressure that reflected in a weaker currency. The Rupee witnessed a depreciation of 8.3% against the dollar (end-to-end), ending the fiscal year at 74.85. However on an annual average basis the rupee depreciation was contained at 1.4% to an average of 70.9 to the dollar in FY20.
- With the onset of COVID-19 cases in India, mobility constraints on international travel were imposed even before a national lockdown was announced on March 25th. Following the lead of several developed economies, the government announced a relief package immediately following the lockdown, targeted at low income households, the rural poor and MSME employees. This relief took the form of cash transfers, subsidised food grains, free gas cylinders and interest free loans.



- The year was significant from the stand-point of tax reforms with the government slashing the effective corporate tax rate to 25.17%, inclusive of all cess and surcharge, for domestic companies (from 34.9% earlier). This is subject to the condition that companies would not be eligible for any other incentives or exemptions. Under this new regime, new manufacturing companies incorporated after 1st Oct, 2019 will be taxed at a substantially lower rate of 17.01%, without deductions, almost on par with Singapore.
- With the majority of the company's investments being in the automotive sector, FY20 started on a rather weak note carrying forward the challenges faced in the 2nd half of FY19. Unfortunately, the expected rebound in consumer sentiments after the general elections, did not materialise. This had a particularly dampening effect on the fortunes of the automotive sector. The festive season brought some cheer with retail demand stabilising, while rural markets gathered some momentum in the second half of FY20 thanks to good monsoons and expectations of a healthy Rabi crop. However, towards the end of the year, the COVID-19 pandemic led to a near paralysis of economic activity across the country impacting automotive despatches and disrupting the entire auto supply chain.
- Commercial vehicle sales have been on a downward curve since October 2018 and any upturn in this segment will depend entirely on a revival in economic activity, improvement in movement of goods and increased investments in infrastructure. Passenger Car sales are also expected to be muted during the first half of the financial year. However, with social distancing set to become the norm, demand for 'Personal transport' could see an increase, especially in the entry level segments.

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- Rural India has thus far been relatively unaffected by the pandemic. A bountiful harvest and the prospect of a normal Southwest monsoon augur well for the agricultural sector and should hopefully boost sales of tractors and farm equipment. The other major driver of economic revival of course, is infrastructure investment and the Government's moves in this regard will be keenly watched.
- The Company generates a significant portion of its income from dividend flows from the portfolio companies that are engaged in the automotive sector.
- The slowing down in the Indian economy, compounded with the national lockdown towards the end of March 2020, has affected the growth prospects of portfolio companies significantly. Sales of almost all vehicle categories including commercial vehicles and passenger cars saw a drop of more than 50% and a return to pre Covid levels may be several quarters away. This, coupled with the fact that most of the portfolio companies paid out dividend 'in advance' in FY20, would indicate they are likely to have a much lower pay out in the current year.
- The Company's revenue for the financial year 2019-20 was ₹94.35 cr., (PY ₹120.71 cr.) comprised of ₹59.48 cr. from investments and ₹33 cr. from business operations. The profit after tax for the year was ₹61.39 cr. (PY ₹84.93 cr.) and the company's net worth stood at ₹1240.56 cr. as on 31.03.2020. The consolidated profit after tax and net worth for the year stood at ₹78.13 cr. and ₹1857.26 cr. respectively.

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- The revenue earned from the shared services business during the year 2019-20 was ₹25.63 cr.
- Sundaram Business Services Limited earned a total revenue of ₹40.77 cr. and reported a profit after tax of ₹3.26 cr. (PY ₹3.59 cr.).
- The Board of Director recommended a final dividend of ₹0.50/- per share, which, together with the interim dividend, would aggregate to a total dividend of ₹1.25/- per share (25% on the face value of ₹5/-), representing a dividend pay-out of 34.56% of profits.

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 the facility of remote e-voting and e-voting at the meeting 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 at the meeting, as well as through e-mail, were replied to by the Chairman, Sri Harsha Viji, Director and Sri P.N. Srikant, Secretary & Compliance 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.



Chairman announced 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 e-voting and the resolutions passed are as under:

1. ADOPTION OF ACCOUNTS – ORDINARY RESOLUTION

	Total
Number of valid votes received	9,50,02,286
Votes in favour of the Resolution	9,49,83,617
Votes against the Resolution	18,669
Votes in favour	99.9803%

“**RESOLVED** that the Audited Financial Statements, including the Consolidated Financial Statements, of the Company, for the year ended 31st March 2020 and the Board’s and Auditors’ Reports thereon, be and are hereby approved and adopted.”

2. DECLARATION OF DIVIDEND – ORDINARY RESOLUTION

	Total
Number of valid votes received	9,50,02,286
Votes in favour of the Resolution	9,50,02,017
Votes against the Resolution	269
Votes in favour	99.9997%

“**RESOLVED** that a final dividend of ₹0.50 per share (10% on the face value of ₹5/-), as recommended by the Directors, be and is hereby declared for the year ended 31st March 2020 on the paid-up capital of ₹75.55 cr. and the same be paid to shareholders, whose names stand on the Register of Members of the Company on 1st July 2020, making with

the interim dividend of ₹0.75 per share (15% on the face value of ₹5/-), a total dividend of ₹1.25/- per share (25% on the face value of ₹5/-) for the year 2019-20 and that the total dividend amount of ₹18.89 cr. representing the said total dividend of ₹1.25/- per share (25% on the face value of ₹5/-) be paid out of the profits for the year 2019-20.”

3. RE-ELECTION OF SRI HARSHA VIJI, DIRECTOR – ORDINARY RESOLUTION

	Total
Number of valid votes received	8,73,62,586
Votes in favour of the Resolution	8,73,42,709
Votes against the Resolution	19,877
Votes in favour	99.9772%

“**RESOLVED** that Sri Harsha Viji (holding DIN: 0602484), the retiring Director, be and is hereby re-elected as Director of the Company, liable for retirement by rotation.”

4. APPOINTMENT OF SRI S RAVI AS A MANAGER UNDER COMPANIES ACT, 2013 – ORDINARY RESOLUTION

	Total
Number of valid votes received	9,50,02,286
Votes in favour of the Resolution	9,44,37,958
Votes against the Resolution	5,64,328
Votes in favour	99.4060%

“**RESOLVED** that, in accordance with the provisions of Sections 196, 197 and 203, read with Schedule V to the Companies Act, 2013 and other applicable provisions, if any, of the Act, the Company hereby accords its approval and consent to the appointment of Sri S. Ravi, as



Manager under the Companies Act, 2013, to be designated as Chief Executive Officer, for a period of three (3) years with effect from 19th May 2020 and for the payment of remuneration to him for his services as Manager, as set out hereunder.”

BASIC SALARY	₹1,90,000/- per month in the scale of ₹1,90,000/- to ₹3,00,000/-. Annual increase will be effective 1st April every year and the quantum will be decided by the Nomination and Remuneration Committee/ Board of Directors.
HOUSE RENT ALLOWANCE	Subject to a ceiling of 60% of Basic Salary in accordance with the Rules of the Company.
COMMISSION / MERIT BONUS	As may be determined by the Nomination and Remuneration Committee/Board of Directors.
PERQUISITES	As detailed in Annexure, the annual value of which will be limited to a ceiling of 100% of Basic Salary.
MINIMUM REMUNERATION	Where in any financial year, during the currency of tenure of the Manager, the Company has no profits or its profits are inadequate, it may pay him remuneration by way of salary, allowances, merit bonus and perquisites not exceeding the limits specified in Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

With a vote of thanks, the meeting concluded.

Place: Chennai
Date: 15-07-2020


CHAIRMAN

Details of Perquisites payable to Sri S. Ravi

1. Medical reimbursement: Expenses incurred for self and family including premium payable for medical insurance in accordance with the rules of the Company.

Explanation: "Family" means the spouse, dependant children and dependant parents of the appointee.

2. Personal Accident Insurance as per the rules of the Company.
3. Leave Travel Assistance for self and family once in a year in accordance with the rules of the Company.
4. Payment of company's contributions to Provident Fund / Pension Fund / Superannuation Fund / Gratuity Fund and encashment of leave (at the end of the tenure) shall not be included in the computation of remuneration or ceiling on the perquisites.
5. Fees for clubs, subject to a maximum of two clubs excluding admission and life membership fee.
6. Provision of chauffeur driven company car(s).
7. Provision of telephone(s) at the residence.
8. Such other allowances, perquisites, benefits and amenities as may be provided by the company to other senior executives from time to time.
9. Benefits under the loan and other schemes in accordance with the practices, rules and regulations in force in the Company from time to time, subject to the provisions of the Companies Act, 2013.

For the purpose of calculating the ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rule, the same shall be evaluated at actual cost.

The above said remuneration and perquisites shall be subject to the ceiling laid down in Sections 197 and all other applicable provisions of the Companies Act, 2013 as may be amended from time to time.