

MINUTES OF THE PROCEEDINGS OF THE 27TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF SUNDARAM FINANCE HOLDINGS LIMITED HELD THROUGH VIDEO CONFERENCING, ON WEDNESDAY, THE 14TH JULY 2021 BETWEEN 10.00 A.M. AND 10.45 A.M.

PRESENT:

MEMBERS*	:	79
PROXIES	:	-

		79

* 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
	Ms. Shobhana Ramachandhran
	Sri 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 2021, 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:

- The COVID-19 pandemic had been the defining event of the last year and a half with a devastating cost both in terms of lives lost, and livelihoods affected.
- The first wave of COVID-19 infections in India, peaking at almost 1,00,000 infections a day, spanned almost the entire fiscal year resulting in a GDP contraction of almost 8% compared to the previous year. However, the sizeable stimulus measures in the western economies resulted in a steady money flow into India which helped stabilise the rupee.
- Due to the substantial loss of revenue due to COVID-19 related restrictions the Government has targeted a deficit of 9.5% of GDP. However, pickup in tax revenue during the last quarter is expected to bring the deficit down to just under 8%.
- The ongoing second wave, which peaked at almost 4,00,000 infections a day, would exert renewed pressure on the fiscal situation.



- On the other hand, Indian equity markets witnessed significant momentum, driven largely by global developments and the abundance of liquidity in the financial system. The Sensex recorded an annual return of 68%.
- The automotive sector was already witnessing bouts of weakness going into financial year 2020-21. The onset of the COVID-19 pandemic only exacerbated the situation.
- The commercial vehicles (CV) segment was the worst affected, given its close linkages to the overall economy.
- Fresh restrictions on activity in the wake of the second wave imposed a further strain on the CV segment.
- The only silver lining in financial year 2020-21 was the tractor segment. Three consecutive years of good crops, increased government spending in rural India, strong agricultural output and elevated farmer sentiment resulted in a 27% growth in tractor volumes over the previous year.
- The increased need for personal mobility helped cushion the impact on passenger vehicle (PV) volumes that witnessed a marginal contraction of only 2% year on year.
- Vehicles driven by infrastructure end-use – tippers, material handling and construction equipment – were also relatively less impacted, aided by Government spending on infrastructure projects.
- The second wave of the pandemic was likely to put a strain on the finances of both the Central and State Governments, which could



constrain their budgetary allocations for infrastructure and other developmental projects. All things considered, a meaningful revival in the fortunes of the Commercial vehicle sector appears unlikely in the near term.

- The Company generates a significant portion of its income from dividend flows from the portfolio companies that are engaged in the automotive sector. The worldwide disruption caused by the COVID-19 pandemic and the consequent lockdown imposed almost till end-November 2020 have considerably impacted the business operations of our associate companies, including their subsidiaries, which in turn, have impacted the financial results of the Company. Even as the automotive sector was beginning to show some signs of recovery from the third quarter of financial year 2020-21, the second wave of the pandemic from March 2021, forced another phase of lockdowns in various states, causing widespread disruption across the country.
- India's economic recovery in FY22 will be marked by a high degree of uncertainty. The country's ability to ensure adequate vaccine supplies, ramp up the pace of vaccinations, and the speedy containment of virus spread in rural India will all have a major bearing on the pace of economic recovery.
- The emergence of newer variants and strains of the virus is a clear and present danger, and continued adherence to safety protocols and minimising super-spreader events will therefore be critical.
- The government's commitment to invest over ₹100 lakh crore through the National Infrastructure Pipeline should, hopefully, provide support



to construction equipment as well as tippers, within the M&HCV segment.

- It is expected that the need for personal mobility will continue to drive demand for passenger cars and utility vehicles. However, supply side challenges due to global shortage of semiconductors as well as rising commodity prices across steel and fuel could very well dampen the recovery.
- Rising global agricultural prices and a good monsoon are expected to help the rural India story, and as a result, boost tractor and farm equipment sales. However, the impact of the second wave on rural India remains to be seen.
- As part of the strategy to consolidate its holdings in the portfolio companies and explore new lines of business in the automotive space, the Company made or approved portfolio investments in the following entities:
 - a) Acquisition of an additional 9.70% stake in Wheels India Limited from the foreign promoter of that company, viz., Titan Europe Limited, for a total consideration of ₹100 cr., pursuant to which the said acquisition, the Company's stake in Wheels India Limited had increased from 13.58% to 23.28%.
 - b) Approval for the acquisition of an additional 7.71% stake in Brakes India Private Limited from the foreign promoter of that company, viz., ZF International UK Limited, for a total consideration not exceeding ₹350 cr. The said acquisition had been completed on 23rd June 2021 and the Company's stake in Brakes India Private Limited has increased from 6.67% to 14.38%.



- c) Approval for the acquisition of an additional 6.84% stake in Flometallic India Private Limited from the individual shareholders of that company, for a total consideration not exceeding ₹13 cr. The said acquisition had been completed on 30th April 2021 at a total consideration of ₹12.50 cr. and the Company's stake in Flometallic India Private Limited had increased from 40% to 46.84%.
- d) Acquisition of a 40.60% stake in Mind S.r.l., Italy at a consideration of ₹23.71 cr., from the Italian promoters of Mind, in continuation of the strategy to focus on the automotive space and explore new lines of business. The Company believes that the carbon fibre market, though nascent in India now, will grow in the long term, and the technology and expertise from Mind will position us well in the market.
- In order to meet the funding requirements for the acquisition of the additional shareholding in Brakes India Private Limited from ZF International UK Limited, the Board approved the raising of funds by way of a rights issue of up to 7,10,00,000 fully paid-up equity shares of the Company of face value of ₹5/- each, aggregating up to ₹355 cr., for cash, at a price of ₹50/- per rights equity share (including a premium of ₹45/- per rights equity share), in the ratio of 23 rights equity shares for every 49 equity shares held by the eligible equity shareholders on the Record Date, i.e., 27th April 2021, fixed for the said purpose. The rights issue commenced on 6th May 2021 and closed on 4th June 2021. The issue was fully subscribed and the allotment of the 7,10,00,000 rights equity shares was approved by the Board at its meeting held on 10th June 2021.



- The Company's revenue for the financial year 2020-21 was ₹39.76 cr., (PY ₹94.35 cr.) comprised of ₹14.13 cr. from investments and ₹23.56 cr. from business operations. The profit after tax for the year was ₹14.55 cr. (PY ₹61.39 cr.) and the company's net worth stood at ₹1425.13 cr. as on 31.03.2021. The consolidated profit after tax and net worth for the year stood at ₹73.88 cr. and ₹2195.02 cr. respectively.
- The revenue earned from the shared services business during the year 2020-21 was ₹18.18 cr.
- Sundaram Business Services Limited earned a total revenue of ₹33.94 cr. and reported a profit after tax of ₹3.75 cr. (PY ₹3.26 cr.).
- The Board of Directors are pleased to recommend, a dividend of ₹0.50/- per share, (10% on the face value of ₹5/-), on the enhanced paid-up capital of ₹111.05 cr., pursuant to the rights issue.

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 V. Vaasen, 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 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 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	14,09,42,284
Votes in favour of the Resolution	14,09,39,768
Votes against the Resolution	2516
Votes in favour	99.9982%

“**RESOLVED** that the Audited Financial Statements, including the Consolidated Financial Statements, of the Company, for the year ended 31st March 2021 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	14,09,42,284
Votes in favour of the Resolution	14,09,39,884
Votes against the Resolution	2400
Votes in favour	99.9983%

“**RESOLVED** that a 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 2021 on the enhanced paid-up capital of ₹111.05 cr. and the same be paid to shareholders whose names stand on the Register of Members of the Company on 30th June 2021 and that the dividend amount of ₹11.11 cr. representing the said dividend of ₹0.50 per share (10% on the face value of ₹5/-) be paid out of the profits for the year 2020-21”

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

	Total
Number of valid votes received	13,89,84,938
Votes in favour of the Resolution	13,89,66,144
Votes against the Resolution	18,794
Votes in favour	99.9865%

“**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.”

With a vote of thanks, the meeting concluded.

Place: Chennai
Date: 14-07-2021


CHAIRMAN