

**MINUTES OF THE PROCEEDINGS OF THE 28<sup>TH</sup> ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF SUNDARAM FINANCE HOLDINGS LIMITED HELD THROUGH VIDEO CONFERENCING, ON THURSDAY, THE 14<sup>TH</sup> JULY 2022 BETWEEN 10.00 A.M. AND 11.00 A.M.**

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**PRESENT:**

MEMBERS*	:	63
PROXIES	:	-
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\* includes Directors and Key Management Personnel who were present in person at a central location

<b>Chairman</b>	Sri T.T. Srinivasaraghavan
<b>Directors</b>	" R. Venkatraman
	" S. Prasad
	Ms. Shobhana Ramachandhran
	Sri Srivats Ram
	" Harsha Viji
<b>Chief Executive Officer</b>	" S. Ravi
<b>Chief Financial Officer</b>	" I.S. Suresh
<b>Secretary &amp; Compliance Officer</b>	" S. Kalyanaraman
<b>Statutory Auditor</b>	" K. Venkatakrisnan, Partner, R.G.N. Price & Co, Chartered Accountants, Chennai
<b>Secretarial Auditor</b>	" A. Kalyana Subramaniam
<b>Scrutinizer</b>	" 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 31<sup>st</sup> March 2022, 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 early part of financial year 2021-22 saw the world battle the disruption caused by the Covid-19 virus, with widespread vaccinations across countries.
- Following a year where the global economy had been battered by the pandemic, global GDP is estimated to have grown by 6.1% in 2021.
- The sudden increase in demand caused shortages of industrial materials leading to a commodity-based inflation across the world.
- In India, a strong second wave of the virus in the first quarter of the financial year affected economic activity. However, widespread vaccination and other timely Government initiatives enabled the economy to recover strongly and register a growth of 8.4%.
- The third wave, which came later in the year, was relatively brief and thankfully, had a more muted impact on both the economy and health metrics than the earlier two waves.
- As per the annual Economic Survey, industry is estimated to have grown by 11.8% in the last financial year, following a contraction of 7% in previous year.
- The services sector is estimated to have grown by 8.2% in FY22, following an 8.4% contraction in FY21 while agriculture is estimated to have grown by 3.9%, as against 3.6% in the previous year, making India one of the fastest growing economies in the world.





- The fiscal deficit for the year 2021-22 is likely to hover around the projected target of 6.8%, due to an appreciable increase in tax collections during the year, particularly direct taxes, thereby helping the government maintain the quality of spending towards capex.
- The third and fourth quarters of FY22 witnessed a gradual pickup in most macro variables, with an improvement in consumption, investment and capacity utilisation.
- As a result, FY22 is likely to record a growth of about 8.4%, as compared to the previous year. The Centre announced a number of measures to support the economy, including credit guarantee schemes, reform measures for power distribution and increased health sector outlays.
- The Government also expanded its PLI scheme and increased the scope of the Emergency Credit Line Guarantee Scheme (ECLGS) program.
- The RBI continued to remain supportive of growth and remained in accommodative mode throughout the year. However, Russia's invasion of Ukraine in February, led to a dramatic shift in the global growth-inflation dynamics and the year ended with a significant disruption to both commodity and financial markets, raising inflationary expectations across countries.
- Consequently, RBI shifted its priority to taming inflation expectations, resulting in a surprise Repo rate and CRR hike, in May this year while still maintaining an accommodative stance.
- CPI inflation is projected to average above 6% for most of FY23. The broad consensus among market watchers is that RBI will continue to raise interest rates taking the Repo rate beyond pre-COVID levels.



- After two consecutive years of sharp volume declines in FY20 and FY21, most segments of the auto industry returned to growth in FY22.
- Passenger Vehicle volumes grew 13% YoY in FY22. Growth would have been much higher, if not for impact of chip shortages for most of the year.
- Production was disrupted and waiting periods for new/ popular models got extended. PV industry performance in FY22 was quite polarised, with the SUV category growing 40% and the overall industry ex-SUV, declining 4%. Commercial Vehicles witnessed a good recovery from multi year lows, with M&HCV and LCV registering growth of 50% and 17% respectively.
- Despite the 50% growth, absolute volumes of M&HCV in FY22 are 40% below the FY19 peak. The strong growth momentum is expected to continue in FY23 and beyond, with current average fleet-age at all-time highs.
- Two-wheelers and tractors were the only segments to see YoY volume declines in FY22. Both were impacted by weakness in rural India, following the Covid 2nd wave.
- The 6% volume decline in tractors did not hurt much as it came off a high base of 27% growth in FY21. However, the two-wheeler segment saw its third consecutive year of decline. As a result, domestic two-wheeler volumes in FY22 were 36% lower than the FY19 peak.
- The fall in two-wheeler volumes is largely attributed to the cumulative price increases of 40% over FY19-22, due to multiple regulatory and input cost-related reasons.
- The two-wheeler and tractor segments are now showing signs of revival, as rural sentiments begin to look up.





- The Company generates a significant portion of its income from dividend flows from the portfolio companies that are engaged in the automotive sector.
- Pursuant to the effective measures taken by the Government of India to control the spread of the COVID-19 pandemic during the early part of FY22, there has been a reasonable recovery in the automotive sector, including the business operations of our portfolio companies, during the year. Thankfully, the disruption caused by the spread of the new COVID variant during the third quarter of FY22 had a relatively muted impact on the automotive sector and the economy, in general.
- While uncertainty continues to exist on the consistency in the performance of the automotive sector in 2022-23 due to factors such as the shortage in availability of semi-conductor chips and the developments in Europe, the Company remains positive on the automotive sector in the medium-term.
- As part of the strategy to consolidate its holdings in the portfolio companies and explore new lines of business in the automotive space, during the year, the company made portfolio investments and investments in the following entities:
  - a) Acquisition of an additional 7.70% stake in Brakes India Private Limited from the JV Partner, ZF International UK Limited for a total consideration of ₹350 cr. Pursuant to the said acquisition, the Company's stake in Brakes India Private Limited has increased from 6.67% to 14.37%.
  - b) Acquisition of an additional 6.84% stake in Flometallic India Private Limited from the individual shareholders of that company, for a total consideration of ₹12.50 cr. pursuant to which the Company's shareholding in Flometallic India Private Limited has increased from 40% to 46.84%.



- c) The Company has acquired a stake of 49.00% in Sundaram Composite Structures Private Limited, for a total consideration of Rs.19.60 cr to enter the Indian Carbon fibre market.
- d) Acquisition of an additional 8.26% stake in Mind S.r.l., Italy at a consideration of ₹17.17 cr., from the Italian promoters of Mind, in continuation of the strategy to focus on the automotive space and explore new lines of business therein. We believe 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. Consequent to this acquisition, the Company's shareholding has increased from 40.60% to 48.86%.
- e) Acquisition of additional shares of India Motor Parts & Accessories Limited from the market at a consideration of ₹7.62 cr. Consequently, the Company's shareholding in India Motor Parts & Accessories Limited has increased from 18.62% to 19.42%.
- During the FY 2021-22, the Company has diluted its stake in some of the portfolio companies
  - a) Dis-investment of 1.5% shareholding held in Sundaram Clayton Limited for a consideration of ₹126.89 crs. The cost of acquisition was ₹1.91cr. The Company continues to hold 9.74% stake in Sundaram Clayton Limited.
  - b) Dis-investment of the entire stake of 14.98% held in TVS Investments Private Limited for a consideration of ₹ 33.00 crs. The cost of acquisition was ₹2.91cr.
- The Company's revenue for the financial year 2021-22 was ₹80.08 cr., (PY ₹39.76 cr.) comprised of ₹40.90 cr. from investments and ₹37.22 cr. from business operations. The profit





after tax for the year was ₹46.91cr. (PY ₹14.55 cr.) and the company's net worth stood at ₹2106.12 cr. as on 31.03.2022. The consolidated profit after tax and net worth for the year stood at ₹160.70 cr. and ₹3002.05 cr. respectively.

- The revenue earned from the shared services business during the year 2021-22 was ₹13.52 cr.
- Sundaram Business Services Limited, the Company's wholly owned subsidiary, earned a total revenue of ₹36.33 cr. and reported a profit after tax of ₹7.80 cr. (PY ₹3.75 cr.).
- A portion of the profits earned on dis-investment of our stake in some portfolio companies is being distributed to the shareholders as Special Dividends of ₹ 1.75/- per share (35% on the face value of ₹ 5/-). In February 2022 the company paid ₹ 1.00/- per share (20% on the face value of ₹ 5/-) and the balance ₹ 0.75 /- per share (15% on the face value of ₹ 5/-) is being recommended now, subject to approval of the shareholders at the AGM.
- In addition to the special dividends, the Company is pleased to recommend a Final Dividend of ₹1.00/- per share (20% on the face value of ₹5/-), subject to the approval of the Shareholders at the AGM.
- The total dividend for the year 2021-22 works out to ₹2.75/- per share (55% on the face value of ₹5/-) on the paid-up capital of ₹1111.05 crs.

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 Srivats Ram, 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.

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 FOR THE FINANCIAL YEAR 2021-22 –  
ORDINARY RESOLUTION**

	<b>Total</b>
Number of valid votes received	13,87,34,238
Votes in favour of the Resolution	13,87,33,498
Votes against the Resolution	740
Votes in favour	<b>99.9995%</b>

**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 Auditors' Reports thereon, be and are hereby approved and adopted.





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

	<b>Total</b>
Number of valid votes received	13,87,33,638
Votes in favour of the Resolution	13,87,33,562
Votes against the Resolution	76
Votes in favour	<b>99.9999%</b>

**RESOLVED** that a final dividend of ₹1/- per share (20% on the face value of ₹5/-), as recommended by the Directors, be and is hereby declared for the financial year ended 31st March 2022 on the paid-up capital of ₹111.05 cr. and that the dividend amount of ₹22.21 cr. representing the said final dividend of ₹1/- per share (20% on the face value of ₹5/-) be paid out of the profits for the year 2021-22.

**FURTHER RESOLVED** that a special dividend of ₹0.75 per share (15% on the face value of ₹5/-) as recommended by the Directors, be and is hereby declared for the financial year ended 31st March 2022 on the paid-up capital of ₹111.05 cr., making with special dividend of ₹1/- per share (20% on the face value of ₹5/-) paid on 25<sup>th</sup> February 2022, a total special dividend of ₹1.75 per share (35% on the face value of ₹5/-) for the year 2021-22 and that the total special dividend of ₹1.75 per share (35% on the face value of ₹5/-) be paid out of the Retained Earnings - Profit and Loss Account for the year ended 31<sup>st</sup> March 2022.

**FURTHER RESOLVED** that the final dividend of ₹1/- per share, together with the special dividend of ₹0.75 per share, be paid to the shareholders, whose names stand on the Register of Members of the Company on 30<sup>th</sup> June 2022.



**3. RE-ELECTION OF SRI SRIVATS RAM, DIRECTOR – ORDINARY RESOLUTION**

	<b>Total</b>
Number of valid votes received	12,63,39,301
Votes in favour of the Resolution	12,63,36,697
Votes against the Resolution	2,604
Votes in favour	<b>99.9979%</b>

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

**4. RE-APPOINTMENT OF STATUTORY AUDITORS**

	<b>Total</b>
Number of valid votes received	13,87,34,238
Votes in favour of the Resolution	13,87,33,870
Votes against the Resolution	368
Votes in favour	<b>99.9997%</b>

**RESOLVED** that pursuant to Section 139, 141 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the consent of the Company be and is hereby accorded to the Board of Directors for re-appointing M/s R.G.N. Price & Co., Chartered Accountants, Chennai (Firm Registration number 002785S), as Statutory Auditors of the Company, to hold office for a further term of five (5) consecutive years, from the conclusion of this meeting until the conclusion of the 33<sup>rd</sup> Annual General Meeting.

**FURTHER RESOLVED** that the Board of Directors of the Company be and are hereby severally authorised to finalise the remuneration payable to M/s. R.G.N. Price & Co, Chartered Accountants, Chennai, towards statutory audit and tax audit, apart from certification, reimbursement of travelling / other out-of-pocket expenses and applicable taxes, to be incurred by them.





## 5. MATERIAL RELATED PARTY TRANSACTIONS

	<b>Total</b>
Number of valid votes received	1,85,12,718
Votes in favour of the Resolution	1,83,23,623
Votes against the Resolution	1,89,095
Votes in favour	<b>98.9786%</b>

- A. **RESOLVED** that pursuant to Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Section 188 of the Companies Act, 2013 and Rules framed thereunder, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to enter into contracts or arrangements with Sundaram Finance Limited, subject to the limit of ₹20 cr., in respect of services to be rendered and/or space to be let out, as well as services to be availed, if any, by the Company, from the conclusion of this meeting till the conclusion of the 29<sup>th</sup> Annual General Meeting to be held during the year 2023.

**FURTHER RESOLVED** that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto.

- B. **RESOLVED** that pursuant to Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Section 188 of the Companies Act, 2013 and Rules framed thereunder, and the Core Investment Companies (Reserve Bank) Directions, 2016, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to make investments from time to time in equity shares, preference shares,



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

bonds, debentures or other permitted securities to be issued by subsidiaries, associates and other group companies, which may be deemed to be related parties, upto an overall aggregate amount not exceeding ₹200 cr. and individual investment(s) in any one such group company not exceeding ₹100 cr., from the conclusion of this meeting till the conclusion of the 29th Annual General Meeting to be held during the year 2023.

**FURTHER RESOLVED** that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto.

With a vote of thanks, the meeting concluded.

Place: Chennai  
Date: 14-07-2022

  
CHAIRMAN