9^{th} Annual General Meeting - Sundaram Clayton Limited

28^{th} July 2026

- **Moderator:**
- Good afternoon to all. Eighty- Two shareholders are attending the meeting. Request Chairman to convene the meeting.
- **Mr. Venu Srinivasan – Chairman and Managing Director, Sundaram Clayton Limited:**
- In compliance with circulars issued by Ministry of Corporate Affairs and SEBI, this AGM is being convened through video conferencing and the company has engaged NSDL for the purpose.
- Soft copy of Register of Directors and Key Managerial Personnel and their shareholdings, Register of Contracts and Register of Members are accessible on the Company's website during the continuance of the AGM.
- As per the guidelines, the company has sent annual report to shareholders through email and hard copies of the annual reports are sent to those shareholders who requested for the same.
- Shareholders participating at the AGM who have not cast their votes earlier through remote e-voting can exercise their votes by using the link provided on the NSDL website.
- Today, Mr. P. Kaniappan, Independent Director, is not present due to personal commitments.
- Mr. Dua is stuck in traffic as it's raining in Delhi and maybe a little late.
- Now I request directors to introduce themselves.
- **Moderator:**
- Directors are requested to introduce themselves.
- Dr. Lakshmi Venu.
- **Dr. Lakshmi Venu – Managing Director, Sundaram Clayton Limited:**
- Good afternoon.

- **Moderator:**
- Mr. R. Venkatesh.
- **Mr. R. Venkatesh – Director & CEO, Sundaram Clayton Limited:**
- Good afternoon. I'm R. Venkatesh, Director and CEO.
- **Moderator:**
- Mr. R. Anandakrishnan.
- **Mr. R. Anandakrishnan - Director, Sundaram Clayton Limited:**
- Good afternoon. This is R. Anandakrishnan.
- **Moderator:**
- Mr. R. Gopalan.
- **Mr. R. Gopalan – Independent Director, Sundaram Clayton Limited:**
- Good afternoon. I'm R. Gopalan, Independent Director, Chairman of the Audit Committee, Chairman of the Nomination and Remuneration Committee and also representing the Stakeholders Relationship Committee.
- **Moderator:**
- Ms. Sasikala Varadachari.
- **Ms. Sasikala Varadachari – Independent Director, Sundaram Clayton Limited:**
- Good afternoon. I'm Sasikala Varadachari, Independent Director and I chair the Risk Management Committee. Thank you.
- **Moderator:**
- Thank you to all the directors. I now request the Chairman to continue the proceedings.
- **Mr. Venu Srinivasan – Chairman and Managing Director, Sundaram Clayton Limited:**
- Notice of the meeting has already been circulated to shareholders. The statutory auditors' report and the secretarial audit report to the shareholders are already available with you and both the reports are free from any qualifications or observations or any other remarks.
- Ladies and gentlemen, good afternoon.

- I have great pleasure in welcoming you all to the 9^{th} Annual General Meeting of the company.

- Before I delve into the performance of the company for the financial year 26, here is a brief overview of the macroeconomics and industrial landscape that has shaped the year.

INDUSTRY REVIEW – FY26:

Domestic Market – India:

- India's GDP grew 7.7% in 26, higher than the 7.1% in 25, reflecting resilience in domestic demand, government capital expenditure and service sector.

- The manufacturing sector remained a key driver of economic growth.

- The Indian automotive industry delivered a strong performance, supported by a series of structural policy reforms, including GST rate reduction, successive repo rate cuts, strong infrastructure spending and improving customer sentiment.

- Domestic sales of medium and heavy commercial vehicles grew by 13%, from 3.97 lakhs to 4.49 lakhs, the highest ever domestic sales in India.

- Exports registered a growth of 45%, from 23,000 to 34,000 units, reflecting India's growing competitiveness in global markets.

- Domestic passenger vehicle sales increased by 8%, from 43.02 lakhs to 46.43 lakhs, again achieving the highest ever sales in domestic market.

- Exports grew by 18%, from 7.7 lakhs to 9.05 lakhs, again marking the highest ever exports from India.

North America and Europe:

- The United States recorded a GDP growth of 2.1% in 2025, down from 2.8% in 2024, reflecting moderating economic activity.

- Inflation eased to 2.6% from 3.0%, where consumer spending remained resilient, despite signs of economic moderation.

- The EU recorded GDP growth of 1.5% in 2025 calendar year, up from 1.1% in 2024, indicating a modest recovery after a prolonged period of subdued growth.

- Economic activity remained constrained by weak investment, subdued consumer demand, and trade uncertainty.

- Commercial vehicles in North America declined by 18%, from 3.16 lakhs to 2.58 lakhs, impacted by uncertainty around trade tariffs and upcoming emission regulations, along with elevated interest rates and weak freight conditions.

- The European heavy-duty market declined by 6%, from 3.17 lakhs to 2.98 lakhs, again driven by subdued industrial activity and weak trade demand, and delayed fleet replacement cycles.

– In summary, this year witnessed divergent trends across key automotive markets, with India delivering record sales and exports. North America and Europe experiencing a slowdown in commercial vehicles.

I'd like to provide a keynote on commodity markets.

- Aluminium prices, a key raw material for industry, remained relatively stable through Q4 2026, before witnessing an upward trend thereafter.
- The LME Aluminium Index for primary aluminium averaged around $2,771 per tonne.
- Secondary aluminium and alloy prices also began trending upward during the year, reflecting tighter scrap market conditions and steady demand from manufacturing sectors.
- With the close of FY26, geopolitical developments of the Middle East triggered a sharp increase in primary aluminium prices, with market indices rising by approximately 30-40%, and fuel prices rising as high as 100%. However, Sundaram Clayton remains largely protected from such volatility through long-term agreements for raw material compensation.

SCL Performance – FY26:

- The financial year 25-26 witnessed a mixed operating performance, strong domestic supported demand aided by favourable policy measures, supported growth in the Indian automotive industry, while global markets continue to face challenges arising from geopolitical tensions, trade uncertainties of tariff, and moderating economic activity.
- Volatility in commodity prices and fuel costs remained key operational considerations during the year.
- Amid an uncertain business environment, the company achieved EBITDA growth, demonstrating its ability to adapt, respond effectively, and deliver sustainable performance.
- Anticipating the impact of external forces / factors from the beginning of the year, the company has intensified its efforts to strengthen internal processes and improve operational efficiencies.
- Several transformative initiatives were executed across the organisation with a strong focus on a proactive approach to mitigate upstream supply continuity risk arising from global environment; to enhancing operational efficiencies; cost control initiatives to mitigate the cost escalations from the political environment.

Subsidiary: SCL US Operations:

- The company considers North America as a strategic market with growth opportunities, this was evidenced by establishing a greenfield facility in Ridgeville, South Carolina.

- Operations stabilising, serial production and supplies to customers started from a commissioned 4,400 tonne machine. This is expected to add growth to the revenue.

- Overall revenue of the company was 1,809 crores as compared to 2,123 in 2025.

- Export sales were 953 crores as compared to 956 and domestic 836 crores against 1153 in 2025.

- The profit before exceptional items and tax was 113 crores against 109 crores in 2025.

- Sundaram Clayton LLC, USA, grew from 276 crores compared to 230 crores the previous year.

- Unwavering commitment of the SCL team and agility in responding to evolving external environment and a strong focus on execution excellence enabled us to navigate a difficult year with operational and financial discipline.

- During the year, the company following its relocation to SIPCOT in Thervoy Kandigai, Gummidipoondi, undertook monetisation surplus freehold land at Padi. An agreement to sell was executed for approximately 16 acres for a consideration of 558.62 crores. I am pleased to inform you the transaction was completed with full receipt of consideration. The proceeds have been utilised towards debt reduction and strengthening the company's financial position supporting long-term growth.

- The board declared an interim dividend of ₹4.50 per share involving an outflow of ₹9.92 crores. The same was paid to members on 23rd April.

Business development:

- The company secured new replacement business orders worth ₹441 crores from its customers and successfully delivered proto sales worth 35 crores. The company is focusing on its efforts to secure orders from strategic businesses, also working to secure new businesses from new customers to enable profitable growth.

- The company is working toward developing capabilities to leverage its position in the emerging markets. These new orders and capability development actions will deliver the company's top line in the next five years.

New product development:

- During the year, the company received customer approvals for the production of 54 new parts from customers including Cummins, PACCAR, Daimler and Volvo. The company continues to pursue collaborative product development opportunities with strategic customers on light-weighting or structural parts for electric mobility applications such as battery housings and interface brackets for powertrain applications like transmission housings and engine castings. We continue to deepen its engagement with all customers.

- The company continues to engage with European customers through Global Design Centre in Germany. In addition to periodic interaction with technical teams, line walks are also being performed jointly with members from India to identify potential co-development opportunities for the company.

- The company continues to strengthen the industry academy of partnership and work in focused areas of light alloy development, additive manufacturing, simulation and other technologies through the R&D Centre for Excellence for Light-Weighting in IIT Madras Research Park. In collaboration with IIT this year, the company has developed validated 3D printed aluminium parts, gaining knowledge on thermo-mechanical properties for selected aluminium alloys. The key technology differentiators developed in understanding process and material parameters which can be used for early simulation and optimization.

- Turbocharger systems in general and compressor housing in specific are crucial components to ensure engine efficiency.

- The company was successful in developing a new patented polishing process called Abrasive Flow Machining. Products in this patented process are expected to be getting into serial production this year. This would enhance the capabilities of the company to achieve long-term business growth.

TQM:

- TQM is a way of life in the company. Employees have completed 237 projects by applying statistical tools through QCC and 98 supervisory and cross-functional teams in 26. 100% employee involvement successfully achieved for the 27^{th} year for QCC and 24^{th} year for supervisory and cross-functional teams.

- The company also continues the yellow belt and green belt program during the year along with various other systems-oriented training programs which will build the competency of our engineers in structured problem solving. During the year, 87 projects were completed.

Awards:

- I'm happy to inform you that the company received five awards in various categories for best safety practices, quality excellence, cost management from its customers. We also received external recognition from ESG and safety. Employees participated and bagged 44 external awards in total employee involvement in the category of platinum, gold, silver. I'd like to appreciate the leadership team at SCL and all members for their sustained efforts for these prestigious global recognitions.

Outlook – FY27:

- The outlook is expected to operate in a mixed macroeconomic environment where global uncertainties, trade policy developments, inflationary pressures are likely to continue influencing demand across developed markets. India's resilient market, economic fundamentals, supportive government policies and increasing investment manufacturing are expected to sustain long-term growth.

- Against this background, the company remains focused on strengthening customer partnerships and leveraging operational excellence to drive sustainable growth.

- India continues to remain one of the fastest growing major economies in the world supported by infrastructure spending, manufacturing growth and fair global domestic demand.

- The budget continues the government's focus on infrastructure led development with capital expenditure increasing to 12.2 lakh crores.

- Real GDP growth is projected at 6.6% while CPI inflation is projected at 5.1% remaining within the RBI's tolerance band.

- Increasing light weighting requirements driven by emission norms, fuel efficiency and electrification are expected to increase aluminium content for vehicle providing long-term opportunities.

- Segment-wise growth expectations for India for the Indian automotive markets is about 2 to 4% growth in heavy vehicles, 5 to 7% in passenger vehicles.

- The global export market, the world GDP is expected to grow at 3% same as last year but we do have challenges of geopolitical conflicts, protectionism, tariffs, volatility in energy and commodity prices and slower growth in advanced economy.

- U.S. economy is expected to grow by 2.3%.

- Interest rates are expected to ease gradually.

- However, financing conditions are likely to remain tight.

- Fleet replacement demand improved freight fundamentals, freight activity are exported to support heavy truck demand. Class 8 truck volumes we grew by 21% in Q1 CY 26, however recovery is expected with full year 26 volumes projected to increase by 8%.

- The EU economy is expected to grow by 1.1% supported by easing inflation and improving financing condition.

- Trade uncertainty, weak industrial production, subdued investments remain key risks.

- The new truck segment grew 13% in Q1 26 with full year volumes projected at 5%.

- As you're all aware we're currently witnessing major tensions in the world leading to volatility in prices, shipping route disruption and increased logistics costs. The impact is expected to be a deterrent for our sector. Despite the near-term macroeconomic and geopolitical uncertainties including ongoing conflict, long-term outlook for automotive industry remains positive. We are focused on driving growth with export and domestic markets and entering new segments with increased content per vehicle, leveraging profit improvement projects and operational excellence to navigate external volatility.

- Long-term growth levers remain intact and the company is well poised to capitalize on the evolving trends in mobility, light weighting and sustainable.

- The board in its meeting today approved the financial results for the year and quarter ended 30th June, a revenue of 527 crores and profit after tax at 17 crores.

– I take this opportunity to thank all our stakeholders, shareholders, customers, regulators, banks, vendors for the continued support.

– I'm very grateful to my colleagues on the board for their valuable guidance.

– I'd like to thank Lakshmi along with Chief Executive, Venkatesh, and other colleagues for leading the charge from the front.

– The employees deserve a special appreciation for the commitment and hard work which is instrumental in the company achieving the best performance despite volatile environment during the year.

– Thank you.

– The following ordinary resolutions are being considered in this AGM.

1. Adoption of both standalone & consolidated audited financial statements together with director's report and auditor's report for the year 2025-26.

2. Reappointment of Anandakrishnan as a director liable to retire by rotation.

3. Reappointment of M/s. Raghavan, Chaudhuri and Narayanan, chartered accountants and statutory auditors for 26-27 to 30-31' and

4. Ratifying the remuneration payable to the cost auditor for the year ending 31st March 27.

– Shareholders who have registered themselves as speakers are requested to speak.

- **Moderator:**

- Request the shareholders to keep the questions short in the interest of time of all concerned.

- Mr. R. Sutharsanan.

- **Mr. R. Sutharsanan – Shareholder:**

- Hello, can you hear me, sir?

- **Moderator :**

- Yes.

- **Mr. R. Sutharsanan – Shareholder:**

- Good afternoon, Venu sir, MD Lakshmi Venu and the board of directors.

- I am impressed the EPS is very good and book value has also increased. I have raised questions in private and got answers which has satisfied me. Thank you, Mr. Dev Kishan and the team.

- **Moderator:**

- Thank you, sir.

- Request the Chairman to continue with the proceedings of the meeting.

- **Mr. Venu Srinivasan – Chairman and Managing Director, Sundaram Clayton Limited:**

- I thank all shareholders for participating in the virtual AGM. Voting facility on NSDL website will remain open for 15 minutes from the conclusion of this meeting to enable shareholders to cast their votes. The results of e-voting will be declared on or before 30th July, 2026. The declared results will be made available on the websites of the company, the stock exchange and NSDL.

- That concludes the proceedings of the meeting, I declare the meeting closed.

- *E-voting in progress*

End of transcript