

*Sundaram-Clayton Limited*

*58th Annual Report 2020*

## Sundaram-Clayton Limited

### Board of Directors

VENU SRINIVASAN  
*Chairman & Managing Director*

Dr. LAKSHMI VENU  
*Joint Managing Director*

SUDARSHAN VENU

GOPAL SRINIVASAN

T K BALAJI

VICE ADMIRAL P J JACOB (Retd.)

S SANTHANAKRISHNAN

V SUBRAMANIAN

R VIJAYARAGHAVAN

KAMLESH GANDHI

R GOPALAN

SASIKALA VARADACHARI

### Audit Committee

VICE ADMIRAL P J JACOB (Retd.)  
*Chairman*

T K BALAJI

S SANTHANAKRISHNAN

V SUBRAMANIAN

R GOPALAN

### Risk Management Committee

R GOPALAN

*Chairman*

VICE ADMIRAL P J JACOB (Retd.),

Dr. LAKSHMI VENU

C NARASIMHAN

K GOPALA DESIKAN

### Stakeholders' Relationship Committee

R VIJAYARAGHAVAN

*Chairman*

S SANTHANAKRISHNAN

Dr. LAKSHMI VENU

### Nomination and Remuneration Committee

S SANTHANAKRISHNAN

*Chairman*

VICE ADMIRAL P J JACOB (Retd.)

R VIJAYARAGHAVAN

V SUBRAMANIAN

### Corporate Social Responsibility Committee

VENU SRINIVASAN

*Chairman*

Dr. LAKSHMI VENU

VICE ADMIRAL P J JACOB (Retd.)

### Executive Director

H LAKSHMANAN

### President and Chief Executive Officer

VIVEK S JOSHI

### Chief Financial Officer

K GOPALA DESIKAN

### Company Secretary

R RAJA PRAKASH

### Statutory Auditors

M/s. RAGHAVAN, CHAUDHURI & NARAYANAN

Chartered Accountants,

No. 17/12, II Floor, Casa Capitol,

Wood Street, Ashoknagar, Bengaluru - 560 025.

Tel. : 080-2556 7578 / 2551 4771

E-mail : sathya@nca-india.com

### Cost Auditor

A N RAMAN

Cost Accountant,

No.10, P. Muthukumaraswami Salai,

Off. Baby Nagar 1<sup>st</sup> Main Road, Velachery,

Chennai - 600 042.

Tel. : 044-2243 3462

E-mail : anraman@gmail.com

### Secretarial Auditor

B CHANDRA

Practising Company Secretary

AG 3, Ragamalika,

No. 26, Kumaran Colony Main Road,

Vadapalani, Chennai 600 026

E-mail : bchandra1@gmail.com

### Shares listed with

BSE Limited, Mumbai

National Stock Exchange of India Limited, Mumbai

### Share Transfer Department

"Jayalakshmi Estates", 1<sup>st</sup> Floor,

Haddows Road, Chennai - 600 006

Tamil Nadu, India.

Tel. : 044 - 2828 4659

E-mail : arockiaraj@scl.co.in

icsta@scl.co.in

### Bankers

STATE BANK OF INDIA

Corporate Accounts Group Branch

Chennai

### Registered Office

"Chaitanya"

No. 12, Khader Nawaz Khan Road,

Nungambakkam, Chennai - 600 006,

Tamil Nadu, India.

Tel. : 044 - 2833 2115

Fax : 044 - 2833 2113

CIN : L35999TN1962PLC004792

E-mail : corpsec@scl.co.in

Website: [www.sundaram-clayton.com](http://www.sundaram-clayton.com)

### Plant Locations

#### Padi

Chennai - 600 050, Tamil Nadu, India.

Tel. : 044 - 2625 8212

#### Mahindra World City

Plot No. AA5, VI Avenue

Auto Ancillary SEZ, Mahindra World City,

Chengalpattu, Kancheepuram District - 603 004,

Tamil Nadu, India.

Tel. : 044 - 4749 0049

#### Oragadam

Plot No.B-14, SIPCOT

Industrial Growth Centre,

Sriperumbudur Taluk,

Kancheepuram District - 602 105

Tamil Nadu, India.

Tel. : 044 - 6710 3300

#### Hosur

Hosur - Thally Road

Belagondapalli

Hosur - 635 114, Tamil Nadu, India.

Tel. : 04347 - 233 445

### Subsidiary Companies

TVS Motor Company Limited

Sundaram-Clayton (USA) Limited, USA

Sundaram Holding USA Inc., USA

Sundaram Auto Components Limited

TVS Housing Limited

TVS Motor Services Limited

TVS Credit Services Limited

PT. TVS Motor Company Indonesia, Jakarta

TVS Motor Company (Europe) B.V., Amsterdam

TVS Motor (Singapore) Pte Limited, Singapore

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## Sundaram-Clayton Limited

### FINANCIAL HIGHLIGHTS INCLUDING SELECTED INDICATORS AND RATIOS

(₹ in crores)

Details	Previous GAAP					Ind AS				
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Sales (inclusive of excise duty)	805.7	1017.0	1018.6	1196.8	1346.1	1,527.9	1,515.4	1,672.3	1,833.1	1,324.3
Other income	22.2	34.2	38.1	35.8	55.0	105.1	74.3	94.4	99.9	99.8
Total	827.9	1051.2	1056.7	1232.6	1401.1	1,633.0	1,589.7	1,766.7	1,932.9	1,424.1
Exceptional Income	–	25.3	–	5.8	3.1	6.0	2.3	–	–	–
Total Income	827.9	1076.5	1056.7	1238.4	1404.2	1639.0	1592.0	1766.7	1,932.9	1,424.1
Gross profit before interest, depn & tax	107.8	166.7	127.9	149.7	181.1	249.8	208.9	107.6	277.8	237.6
Depreciation	40.8	47.3	51.3	53.2	59.8	55.0	60.6	73.1	92.2	92.7
Profit before interest & tax	67.0	119.4	76.6	96.5	121.3	194.8	148.3	34.5	185.6	145.0
Interest	21.7	38.4	44.3	35.7	36.9	32.3	28.6	33.7	55.2	55.4
Profit before taxation	45.3	81.0	32.3	60.8	84.4	162.5	119.7	0.8	130.5	89.6
Exceptional cost	–	–	–	–	–	–	–	–	–	20.4
Profit after taxation	37.3	72.3	35.4	53.7	71.2	144.4	105.6	54.9	119.7	68.7
Net fixed assets	366.1	395.0	408.8	405.9	418.2	456.9	531.3	699.9	760.5	746.2
Net current assets	212.6	230.0	248.6	256.0	289.1	290.0	257.6	321.1	325.4	260.7
Share capital	18.9	9.5 <sup>(a)</sup>	9.5	10.1 <sup>(b)</sup>	10.1	10.1	10.1	10.1	10.1	10.1
Reserves & surplus	241.3	273.0	282.6	333.5	364.5	493.0	601.5	653.9	678.6	584.3
Net worth	260.2	282.5	292.1	343.6	374.6	503.1	611.6	664.0	688.7	594.4
Loan funds	359.5	389.7	414.3	362.2	378.2	369.1	354.2	665.5	723.7	668.3
Deferred taxation (net)	21.7	20.0	16.9	18.5	22.3	30.0	35.8	(20.1)	(20.3)	(27.7)
Total	641.5	692.2	723.2	724.3	775.1	902.2	1,001.6	1,309.4	1,392.1	1,235.0
Earnings Per Share (Rs)	9.8	30.1	18.7	27.0	35.2	71.4	52.2	27.1	59.1	34.0
Dividend Per Share (Rs)	5.8	11.5	14.0	19.3	19.0	41.0	31.5	15.0	36.0	31.0
Book value per share (Rs)	68.6	148.9	153.9	169.8	185.2	248.7	302.3	328.2	340.4	293.8
Return on capital employed (ROCE) %	11.2	17.9	10.8	13.3	16.2	23.2	15.6	3.0	13.7	9.5
Return on net worth (RONW) %	14.8	26.6	12.3	16.9	19.8	32.9	18.9	8.6	17.7	10.7
Fixed assets turnover (No. of times)	2.4	2.7	2.5	2.9	3.3	3.5	3.1	2.7	2.5	1.8
Working capital turnover (No. of times)	4.2	4.6	4.3	4.7	4.9	5.3	5.5	5.8	5.7	4.5
Gross profit as % of sales (EBITDA)	13.4	13.9	12.6	12.0	13.2	15.9	13.6	6.4	15.2	17.9
Gross profit as % of total income	13.0	13.4	12.1	11.7	12.7	14.9	13.0	6.1	14.4	16.7
Net profit as % of total income	4.5	4.5	3.4	3.9	4.9	8.5	6.5	3.1	6.2	6.3

Profitability ratios are calculated without considering exceptional income / costs.

(a) Capital reduction consequent to approval of scheme of arrangement by the Hon'ble High Court of Judicature at Madras.

(b) IPP Issue of 12,64,501 equity shares.

Notes:

- 2011-12 financials were prepared giving effect to composite scheme of arrangement between Sundaram-Clayton Limited (SCL), Anusha Investments Limited (AIL) and Sundaram Investment Limited (SIL) as approved by the Hon'ble High Court of Judicature at Madras. Hence, the figures of 2011-12 are not comparable with that of previous years.
- Exceptional cost primarily represents one time costs associated with voluntary separations.

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the fifty-eighth Annual General Meeting of the Company (AGM) will be held on Thursday, 30<sup>th</sup> July 2020 at 10.00 A.M. [Indian Standard Time (IST)] through Video Conferencing / Other Audio Visual Means to transact the following businesses:

#### ORDINARY BUSINESS

1. To consider passing the following resolution as an ordinary resolution:

"RESOLVED THAT the standalone and consolidated audited financial statements for the year ended 31<sup>st</sup> March 2020, together with the Directors' Report and the Auditors' Report thereon as circulated to the Members and presented to the meeting be and are hereby approved and adopted."

2. To consider passing the following resolution as an ordinary resolution:

"RESOLVED THAT Mr Gopal Srinivasan (holding DIN 00177699), director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a director of the Company."

3. To consider passing the following resolution as an ordinary resolution:

"RESOLVED THAT Dr. Lakshmi Venu (holding DIN 02702020), Director, who retires by rotation and being eligible, offers herself for re-appointment, be and is hereby re-appointed as a Director of the Company"

#### SPECIAL BUSINESS

4. To consider passing the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration of ₹ 3.50 lakhs (Rupees three lakhs and fifty thousand only), in addition to reimbursement of all applicable taxes, travelling and out-of-pocket expenses, payable to Mr A N Raman, practising cost accountant, holding Membership No. 5359, allotted by The Institute of Cost Accountants of India, who was re-appointed as cost auditor of the Company for the year 2020-21 by the board of directors of the Company, as recommended by the audit committee, be and is hereby ratified."

By order of the Board of Directors

Chennai  
29<sup>th</sup> May 2020

R Raja Prakash  
Company Secretary

Registered office:  
"Chaitanya"

No.12, Khader Nawaz Khan Road,  
Nungambakkam, Chennai - 600 006.

Notes:

The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the Act), in respect of the special businesses to be transacted at the AGM, as set out in the Notice is annexed hereto.

1. In view of the outbreak of CoVID19 pandemic, social distancing norms is being followed coupled with the continuing restriction on movement of persons at several places in the country and pursuant to the Circular No. 14/2020 dated 8<sup>th</sup> April 2020, Circular No.17/2020 dated 13<sup>th</sup> April 2020 issued by the Ministry of Corporate Affairs (MCA) followed by Circular No. 20/2020 dated 5<sup>th</sup> May 2020 and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020 issued by the Securities and Exchange Board of India ("SEBI") and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), physical attendance of the Members at the AGM venue is not required and AGM can be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate at the ensuing AGM through VC/OAVM.
2. **Pursuant to the aforesaid Circulars, the facility to appoint proxy by Members under Section 105 of the Act, to attend and cast vote for the Members is not available for this AGM as the physical attendance of Members has been dispensed with.** However, Body Corporates are entitled to appoint authorised representatives as its Member to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-Voting.
3. The Members can join the AGM through the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to the members on "first come first served" basis. This will not include large Shareholders (Shareholders holding 2% or more of the total number of shares of the Company as on the cut off date herein below mentioned), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of "first come first served" basis.
4. Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. Pursuant to the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of Listing Regulations (as amended), and the Circulars issued by the MCA dated 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020 and 5<sup>th</sup> May, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the businesses to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities

## Sundaram-Clayton Limited

Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as voting at the meeting will be provided by NSDL.

6. In line with MCA Circular No. 17/2020 dated 13<sup>th</sup> April, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.sundaram-clayton.com](http://www.sundaram-clayton.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
7. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Act, 2013 read with Circulars issued by MCA and SEBI in this regard.

### Unclaimed Dividend

8. In terms of Section 124 of the Act, the dividend declared by the Company, for earlier years, which remain unclaimed for a period of seven years will be transferred on due dates to the Investor Education and Protection Fund (IEPF), established by the Central Government. The particulars of due dates for transfer of such unclaimed dividends to IEPF are furnished in the Report on Corporate Governance, forming part of the Annual Report.
9. Members who have not encashed their dividend warrants in respect of the above period are requested to make their claim(s) by surrendering the un-encashed warrants immediately to the Company. Pursuant to IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company is providing / hosting the required details of unclaimed amount referred to under Section 124 of the Act, on its website and also on the website of MCA viz., [www.iepf.gov.in](http://www.iepf.gov.in).

### General

10. With a view to serving the Members better and for administrative convenience, Members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings into one folio.
11. Members may also note that the Annual Report will also be available on the Company's website viz., [www.sundaram-clayton.com](http://www.sundaram-clayton.com) for their download.

### Members holding shares in electronic form

12. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members are requested to submit their PAN to the Depository Participant(s) (DP) with whom they are maintaining their demat accounts.
13. Members are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC Code, Mandates, Nominations, Power of Attorney, Change of Address / Name / e-mail Address / Contact Numbers, etc., to their DP.

14. Electronic copy of the Annual Report and the Notice of the AGM *inter-alia* indicating the process and manner of e-Voting are being sent to all the Members whose e-mail IDs are registered with the Company / DPs for communication purposes.

### Members holding shares in physical form

15. Members can submit their PAN details to the Company / Share Transfer Department (STD).
16. Members are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, Mandates, Nomination as per Section 72 of the Act, by filling Form SH-13, Power of Attorney, Change of Address / Name / e-mail Address / Contact Numbers, etc., with the Company / STD. Blank forms (SH-13) will be sent by e-mail.
17. Members holding shares in physical form, in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding / trading.

### Voting

18. The businesses as set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. The Members may cast their votes using electronic voting system during the meeting ('remote e-Voting').
19. In case of joint holders attending AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
20. In terms of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended ('the Rules') and Regulation 44 of the Listing Regulations, the Company has provided facility to exercise votes through electronic voting system to Members holding shares as on 23<sup>rd</sup> July 2020 being the "Cut-off Date" ("Cut-Off" for the purpose of Rule 20(4)(vii) of the Rules) fixed for determining voting rights of Members entitled to participate in the remote e-Voting process through the platform provided by NSDL viz., [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

The voting rights of the Members / Beneficial Owners will be reckoned on the Equity Shares held by them as on Cut-off date. Members as on the Cut-off date only shall be entitled to avail the facility of remote e-Voting or voting at the meeting.

### THE INSTRUCTIONS FOR REMOTE E-VOTING AND VOTING AT THE MEETING ARE AS UNDER

1. The remote e-voting period begins on 27<sup>th</sup> July 2020 at 9:00 A.M. (IST) and ends on 29<sup>th</sup> July 2020 at 5:00 P.M. (IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote by remote e-Voting. The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

2. The details of the process and manner for remote e-Voting are explained herein below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

**Details on Step 1 is mentioned below:**

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial

password', you need to enter the 'initial password' and the system will force you to change your password.

- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' would be communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a.pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

- a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

**Details on Step 2 is mentioned below:**

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login as provided in Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After clicking on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of Sundaram-Clayton Limited for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which



you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### **Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e-mail ids for e-Voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN and AADHAR (self-attested scanned copy) by email to [icsta@scl.co.in](mailto:icsta@scl.co.in).

In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN and AADHAR (self-attested scanned copy) to [icsta@scl.co.in](mailto:icsta@scl.co.in).

2. Alternatively member may send an e-mail request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

### **THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:**

- i. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- ii. Only those Members / shareholders, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system at the AGM.
- iii. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- iv. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-Voting.

### **INSTRUCTIONS TO THE MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

- i. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-Voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and

Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

- ii. Members are encouraged to join the Meeting through Laptops for better experience.
- iii. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- iv. Please note that participants connecting from mobile devices or tablets or through laptop via mobile hotspot may experience audio / video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.  
Members who would like to express their views/ask questions during the meeting may register themselves as a speaker and send their request mentioning their name, demat account number / folio number, email id, mobile number at [rrp@scl.co.in](mailto:rrp@scl.co.in)/[arockiaraj@scl.co.in](mailto:arockiaraj@scl.co.in) atleast 48 hours in advance before the start of the meeting i.e. by 28<sup>th</sup> July 2020 by 10:00 A.M. IST.
- v. Members who would like to express their views / have questions may send their questions in advance mentioning their name, demat account number / folio number, email id, mobile number at [rrp@scl.co.in](mailto:rrp@scl.co.in)/[arockiaraj@scl.co.in](mailto:arockiaraj@scl.co.in). The same will be replied by the Company suitably.
- vi. Those members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
- vii. Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered e-mail address, mentioning their name, DP ID and Client ID number /folio number and mobile number, to reach the Company's e-mail address at [rrp@scl.co.in](mailto:rrp@scl.co.in)/[arockiaraj@scl.co.in](mailto:arockiaraj@scl.co.in) atleast 48 hours in advance before the start of the meeting. Such questions by the Members shall be taken up during the meeting and replied by the Company suitably.

### **General Guidelines for shareholders:**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail [bchandraandassociates@gmail.com](mailto:bchandraandassociates@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details / Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

## Sundaram-Clayton Limited

3. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or casting vote through e-Voting system during the meeting.
4. M/s B Chandra & Associates, Practising Company Secretaries (Reg. No. P2017TN065700), Chennai, have been appointed as the Scrutinizers to scrutinize the remote e-Voting process and casting vote at the meeting in a fair and transparent manner.
5. In case of any queries, Members may refer to the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990. Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in/](mailto:evoting@nsdl.co.in) or contact Mr Amit Vishal, Senior Manager - NSDL at [amitv@nsdl.co.in/](mailto:amitv@nsdl.co.in) 022-24994360/ +91 9920264780 or Mr Sagar Ghosalkar, Assistant Manager-NSDL at [sagar.ghosalkar@nsdl.co.in/](mailto:sagar.ghosalkar@nsdl.co.in) 022-24994553 / +91 9326781467.
6. The Scrutinizers shall after the conclusion of e-Voting at the AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such report shall then be sent to the Chairman or a person authorized in this regard, within 48 (forty eight) hours from the conclusion of the AGM, who shall then countersign and declare the result of the voting forthwith.
7. The results declared along with the report of the Scrutinizers shall be placed on the website of the Company at [www.sundaram-clayton.com](http://www.sundaram-clayton.com) and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the declaration of results by the Chairman or a person authorized by him. The results shall also be immediately forwarded to BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.
8. Pursuant to the Circulars issued by MCA and SEBI, owing to the difficulties involved in dispatching of physical copies of the Notice of the AGM and the Annual Report for the year 2019-20, the said documents are being sent only by email to the Members.  
Therefore, those Members, whose email address is not registered with the Company or with their respective Depository Participant/s, and who wish to receive the Notice of the AGM and the Annual Report for the year 2019-20 and all other communication sent by the Company, from time to time, can get their email address registered by following the steps as given below:-
  - a) For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, email address to be registered along with scanned self-attested copy of the PAN and any document (such as Driving Licence, Passport, Bank Statement, AADHAR) supporting the registered address of the Member, by email to the Company's email address [icsta@scl.co.in](mailto:icsta@scl.co.in).
  - b) For Members holding shares in demat form, please update your email address through your respective Depository Participant/s.
9. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of the shareholders w.e.f. 1<sup>st</sup> April 2020 and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at rates prescribed in the Income Tax Act, 1961 ("the IT Act"). In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants or in case shares are held in physical form, with the Company by sending email to the Company's email address viz., [corpsec@scl.co.in](mailto:corpsec@scl.co.in).
10. In order to receive dividend/s in a timely manner, Members holding shares in physical form who have not updated their mandate for receiving the dividends directly in their bank accounts through Electronic Clearing Service or any other means ("Electronic Bank Mandate"), can register their Electronic Bank Mandate to receive dividends directly into their bank account electronically or any other means, by sending scanned copy of the following details/documents through email to reach the Company's email address:
  - a. a signed request letter mentioning your name, folio number, complete address and following details relating to bank account in which the dividend is to be received :
    - i. Name and Branch of Bank and Bank Account type;
    - ii. Bank Account Number allotted by your bank after implementation of Core Banking Solutions;
    - iii. 11 digit IFSC Code;
    - iv. Self-attested scanned copy of cancelled cheque bearing the name of the Member or first holder, in case shares are held jointly;
    - v. Self-attested scanned copy of the PAN Card; and
    - vi. Self-attested scanned copy of any document (such as AADHAR Card, Driving Licence, Election Identity Card, Passport) in support of the address of the Member as registered with the Company.
  - b. For the Members holding shares in demat form, please update your Electronic Bank Mandate through your Depository Participant/s.
21. In accordance with the provisions of Article 129 of the Articles of Association of the Company, Mr Gopal Srinivasan and Dr. Lakshmi Venu will retire by rotation at AGM and being eligible offer themselves for re-appointment; and
22. In terms of 36(3) of the Listing Regulations read with Secretarial Standards on General Meetings, brief profile of the directors, who are proposed to be re-appointed in this AGM, nature of their expertise in specific functional areas, other directorships and



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committee memberships, their shareholding and relationship with other directors of the Company are given below:

### Profile of Mr Gopal Srinivasan

Mr Gopal Srinivasan, aged 61 years, is the Chairman and Managing Director of TVS Capital Funds Ltd, managing three mid-market growth oriented private equity funds, with total AUM of over ₹ 2,200 Crores with 100% rupee capital.

- Led investments in 22 companies in the Food & Agri, Financial Services, Fintech, Lifestyle and Healthcare Services sectors; and
- Invested and provided mentorship to over 25 early stage start-ups across various sectors.

A scion of the TVS family from the third generation, his entrepreneurial career spans well over three decades in which he has founded companies which are operating in a wide spectrum of sectors viz. Information Technology, Private Equity, Consumer Finance and Consumer Durables.

Mr Gopal Srinivasan is a Board member of several TVS Group companies, start-ups and portfolio companies of TVS Capital.

He is a founding member of The Chennai Angels as well as TiE (The Indus Entrepreneurs) Chennai, two of the premier angel investing networks in India.

Mr Gopal Srinivasan takes a keen interest in public policy matters of the VC/PE Industry, being actively involved with the regulators for the financial markets by dint of his engagements with SEBI, the Indian Venture Capital Association (IVCA) & Confederation of Indian Industry (CII).

He is also actively involved in knowledge initiatives through his involvement in academic institution. He serves on the Advisory Board of University of Michigan's Ross School of Business, and also a member of University of Michigan's India Advisory Board, a member of the Governing Council at Loyola Institute of Business Administration (LIBA) and a former board member of Great Lakes Institute of Management and IFMR.

Mr Gopal Srinivasan is also the Chairman of Chennai International Centre, a think-tank that brings together a cornucopia of thought leaders from the spheres of business, the economy, policymaking, science, art, culture and entrepreneurship.

Mr Gopal Srinivasan has been recently appointed as the Honorary Consul General for the Kingdom of Netherlands in Tamil Nadu.

He earned a B.Com degree from Loyola College, Chennai and an MBA from University of Michigan, USA.

He has been the director of the Company since 29<sup>th</sup> November 1985.

He is a member of the Administrative Committee of Directors of the Company.

He holds 66 Equity Shares in the Company and is related to Mr Venu Srinivasan, Chairman & Managing Director of the Company.

Details of his other Directorships and Memberships / Chairmanships of Committees are given below:

S.No.	Name of the Companies / Entities	Position held	Committee Membership
1.	TVS Electronics Limited	Chairman	-
2.	Lucas-TVS Limited	Director	-
3.	TVS Supply Chain Solutions Limited (Formerly TVS Logistics Services Limited)	Director	-
4.	Wonderla Holidays Limited	Director	Audit Committee, Nomination and Remuneration Committee (*) and Corporate Social Responsibility Committee
5.	TVS Capital Funds Private Limited	Chairman and Managing Director	-
6.	TVS Investments Private Limited	Chairman and Managing Director	-
7.	Harita Techserv Private Limited	Chairman	-
8.	Sundaram Industries Private Limited	Director	-
9.	Geeyes Family Holdings Private Limited	Director	-
10.	T V Sundram Iyengar & Sons Private Limited	Director	-
11.	TVS Wealth Private Limited	Director	-
12.	Nextwealth Entrepreneurs Private Limited	Director	-
13.	Sundaram Investment Private Limited	Director	-
14.	Cointribe Technologies Private Limited	Director	-
15.	TVS Shriram Growth Fund 1B LLP	Body Corporate DP Nominee	-
16.	GS Properties and Consultancy LLP	Designated Partner	-
17.	Harita Properties LLP	Designated Partner	-
18.	Sundaram Investment Consultants LLP	Designated Partner	-
19.	EPI Venture Partners LLP	Individual Partner	-
20.	Vidhar Management & Consultancy Services LLP	Designated Partner	-
21.	AngelPrime Beta LLP	Individual Partner	-
22.	Chennaiangels Network Association	Director	-
23.	IIT Madras Research Park	Director	-
24.	Chennai City Connect Foundation	Director	-
25.	Chennai International Centre	Director	-
26.	IVC Association	Chairman and Director	-

(\*) Indicates Committee in which the Director holds the position as Chairperson

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### Profile of Dr. Lakshmi Venu

Dr. Lakshmi Venu, aged 37 years, a graduate of Yale University, holds a Doctorate in Engineering Management from the University of Warwick.

She underwent her initial training for three years as a Management Trainee in Sundaram Auto Components Limited, a subsidiary of the Company, beginning from 2003 and when she was deputed to work in the Company, she underwent an extensive in-depth induction and worked in the areas of business strategy, corporate affairs, product design and sales & marketing of the Company.

Dr. Lakshmi Venu is currently the Deputy Managing Director of TAFE Motors and Tractors Limited. She also holds directorships in various other companies.

She has been the director of the Company since 22<sup>nd</sup> March 2010 and she has been appointed as Joint Managing Director of the Company effective 11<sup>th</sup> September 2014.

She is the daughter of Mr Venu Srinivasan, Chairman and Managing Director and sister of Mr Sudarshan Venu, Director of the Company.

She does not hold any share in the Company.

She is a member of Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee of the Company

She has attended three out of five Board Meetings held during the year 2019-20.

Details of her other directorships and memberships / chairmanships of committees are given below:

S.No.	Name of the Companies	Position held	Committee Membership
1.	TAFE Motors and Tractors Limited	Deputy Managing Director	Corporate Social Responsibility Committee and Nomination and Remuneration Committee
2.	TVS Motor Company Limited	Director	-
3.	WABCO India Limited	Independent Director	Audit Committee, Nomination & Remuneration Committee* and Corporate Social Responsibility Committee
4.	Sundaram Auto Components Limited	Director	Audit Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee
5.	Sundram Non- Conventional Energy Systems Limited	Director	-
6.	LV Trustee Private Limited	Director	-
7.	Sundaram- Clayton (USA) Limited	Director	-
8.	Sundaram Holding(USA) Inc.	Director	-

(\*) Indicates committee in which she holds the position as Chairperson

### Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

The following Explanatory statement sets out all material facts relating to the special businesses mentioned in the accompanying Notice dated 29<sup>th</sup> May 2020 and shall be taken as forming part of the Notice.

#### Item No.4

As recommended by the Audit Committee, the board at its meeting held on 29<sup>th</sup> May 2020, re-appointed Mr A N Raman, practising cost accountant, having membership no. 5359, as Cost Auditor of the Company, in terms of Section 148 of the Act and fixed a sum of ₹ 3.50 Lakhs as remuneration payable to him for the financial year 2020-21, subject to ratification by the shareholders of the Company.

In terms of Section 148 (3) of the Act read with the Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditor, as recommended by the Audit Committee and approved by the board, is required to be ratified by the shareholders of the Company, at the ensuing AGM of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in Item No.4 of this Notice.

The Directors, therefore, recommend the ordinary resolution, as set out in Item No.4 for ratification of remuneration payable to the Cost Auditor of the Company.

By order of the Board of Directors

Chennai  
29<sup>th</sup> May 2020

R Raja Prakash  
Company Secretary

Registered office:  
"Chaitanya",  
No.12, Khader Nawaz Khan Road,  
Nungambakkam, Chennai - 600 006

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting the 58<sup>th</sup> annual report and the audited financial statements of the Company for the year ended 31<sup>st</sup> March 2020.

### 1. FINANCIAL HIGHLIGHTS

Particulars	(₹ in Cr)	
	Year ended 31.03.2020	Year ended 31.03.2019
Sales (including Excise duty) and other income	1424.14	1932.94
EBITDA	237.62	277.83
Less: Finance Cost	55.40	55.16
Depreciation	92.65	92.19
	89.57	130.48
Less: Exceptional cost*	20.40	–
Profit before tax after exceptional cost	69.17	130.48
Provision for tax	0.47	10.82
Profit after tax	68.70	119.66
Add: Balance in Statement of Profit and Loss including General Reserve	497.48	450.93
Transfer from Other Comprehensive Income	(7.61)	(0.28)
Total Comprehensive Income available	558.57	570.31
Appropriations:		
Dividend	62.72	72.83
Adjustment as per Ind AS 116, net of tax (Cumulative effect of retrospective application)	4.30	–
Surplus carried forward	491.55	497.48
Total	558.57	570.31

\* Exceptional cost primarily represents one time costs associated with voluntary separations.

### 2. DIVIDEND

The Board of Directors of the Company (the Board) at its meeting held on 10<sup>th</sup> March 2020, declared an interim dividend of ₹ 31 per share (620%) for the year 2019-20, absorbing a sum of ₹ 62.72 Cr. The same was paid to the shareholders on 21<sup>st</sup> March 2020.

The Board does not recommend any further dividend for the year under consideration.

The Company has set-off its dividend distribution tax payable under Section 115O (1A) of the Income Tax Act, 1961 against the dividend distribution tax paid by one of its subsidiary company on its dividend declared.

### 3. PERFORMANCE

India's real gross domestic product (GDP) estimated at 4.7% in FY20 as against 6.8% in FY19 as domestic investment and consumption collapsed under stress on non-banking financial companies and a sharp slowdown in credit growth.

The global economy too recorded its lowest growth of the decade in 2019, falling to 2.3% as a result of continued trade disputes and economic slowdown in major countries.

The GDP in the U.S. and EU markets registered a growth of 2.3% (2.9% in 2018) and 1.2% (1.9% in 2018).

Towards the end of 2019-20 starting 23<sup>rd</sup> March, the Company's operations were halted due to CoVID-19 pandemic. A nationwide lockdown was announced to contain the spread of the virus. Understanding the severity of the crisis, the Company took lot of measures to help and support its customers, employees, suppliers, and society. The Company also set-up a Business Continuity Task Force and proactively rolled-out a slew of measures to ensure health & safety of its employees and suppliers. Work from home was implemented for almost all executives & managers well on time. Some of the key initiatives undertaken by the Company to support the society in fighting this battle include providing protective face masks, sanitization of numerous villages and towns, providing food packets to essential service providers and to the deprived sections of the society.

The following table highlights the performance of the Company during 2019-20:

Particulars	FY 2019-20	FY 2018-19	Variance (in %)
Sales (Tonnage)	35,837	48,969	(26.8)
Sale of goods (₹ in Cr)	1,240.28	1,746.03	(28.9)
Domestic sales (₹ in Cr)	652.97	959.12	(31.9)
Export sales (₹ in Cr)	587.31	786.91	(25.4)
Profit After Tax (₹ in Cr)	68.70	119.66	(42.6)

## 4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### I. INDUSTRY STRUCTURE AND DEVELOPMENT:

#### Domestic

The segment wise performance in the Indian automotive industry is given in the following table.

(in Nos)

Category	FY 2019-20	FY 2018-19	Variance (in %)
Two Wheelers	2,09,37,992	2,44,60,688	(14.4)
Passenger Vehicles	34,52,990	40,53,581	(14.8)
Commercial Vehicles (M&HCV)	2,48,968	4,39,408	(43.3)

(Source: SIAM+DICV internal estimate)

The Indian auto industry (domestic sales and exports) posted an overall de-growth of 14.8% (Source: SIAM). This decline was triggered by many major factors like weak consumer sentiments, volatile rural demand, credit shortage from NBFC crisis, hike in insurance cost, revised axle norms and transition to BS-VI leading to the postponement of purchases to FY21. Lockdown imposed due to CoVID19 outbreak further led to a contraction in the automotive sector.

### Exports

The following table highlights the North American and European truck registration figures in vehicle units:

(in Nos)				
Market	Category	FY 2019-20	FY 2018-19	Variance (in %)
North America	Class 8 Trucks	3,18,128	3,26,913	(2.69)
North America	Class 4-7 Trucks	2,79,278	2,71,679	2.80
Europe	Medium & Heavy Trucks	2,88,138	3,11,589	(7.53)

(Source: FTR & ACEA)

Though Class 8 truck sales in 2019 were the highest in the last decade, build trend started to drop from August, 2019. Due to the trade and political uncertainty Class 8 orders dipped to tepid levels by the start of 2020. Orders for heavy trucks further collapsed by 52% in March 2020 due to the sharp and sudden downturn in economic conditions caused by CoVID-19 outbreak.

The major EU markets performed worse than the year before owing to the introduction of new, obligatory tachographs in heavy trucks and the onset of CoVID-19 pandemic.

### II. BUSINESS OUTLOOK AND OVERVIEW

India's GDP growth has decelerated to 11 year low estimated at 4.7% in 2019-20. In 2020-21 the economy will see significant challenges owing to the impact of CoVID-19 pandemic and the resultant interruption to economic activity which is beginning to reopen.

Economic Activity and lifestyles will be rebuilt, factoring in coexistence with CoVID 19. Social Distancing (SD) and Work From Home (WFH) practices will see greater prevalence. These new long-term practices of SD could see consumer preferences change towards personal mobility, this could prove to provide some opportunity, especially to the 2-wheeler industry.

The restriction of public mobility and impact on many sectors of the economy, will affect GDP, disposable incomes, consumer sentiment and the auto industry as well. Consequently, a very sharp decline in the first quarter of 2020-21 is expected, which may partially alleviate in the following quarter, with any upside possibilities only playing out in the later part of the year.

The favorable reservoir levels, good rabi output and possibility of normal monsoon may support agriculture growth. To help revive the economy due to stalled economic activities caused by CoVID-19, the Central Government has announced a stimulus package. This special economic and comprehensive package is expected to benefit various sections including cottage industry, MSMEs and industries among others.

Despite this, the slowdown in manufacturing growth is likely to linger on beyond the first half of FY 2020-21 due to lower global growth and continued supply-chain disruptions.

With the CoVID-19 pandemic hitting the US and EU the most, both the economies are expected to see a drop in growth in 2020. Hence, the U.S GDP is expected to decline by 5.0% in 2020. The U.S. truck market (Class 8) volumes are expected to decline by 65% in 2020.

### III. OPPORTUNITIES & THREATS

The Company supplies aluminum castings for commercial vehicles, passenger cars and two wheeler segments of the automotive industry.

The revenue of the Company is derived from Medium & Heavy Commercial Vehicles (MHCV) (58%), followed by two wheeler industry (24%) and the car industry (18%).

The CoVID-19 pandemic is causing paradigm shifts in the consumer behaviour affecting many industries including the automotive industry. Social Distancing norms following across the globe due to CoVID19 could become the new normal.

In the short to medium term, the fear of using public transportation in the light of the CoVID-19 pandemic, could lead to increased demand especially in two wheeler and small passenger car segments, resulting in better prospects for the domestic auto industry.

In the long term, *in lieu* of stringent emission norms and fuel economy regulations, the thrust towards light-weighting is bound to increase leading to higher content of aluminum in all vehicle types. The Company is well placed to leverage these emerging opportunities. This will provide for increased growth opportunities, since the Company is already a preferred source for aluminum castings to major OEM's in India and abroad.

The supply chain disruptions caused by the lockdown could have major OEMs review their global purchasing strategies and this could result in a strong push for localization to de-risk the supply chain despite cost impact. This could benefit the Company's subsidiary's US operations once it goes on stream next year, as it will be strategically located to leverage the growth opportunities.

Several Indian die casting companies and OEMs have set up new capacities or expanded existing capacities over the past few years. With current market conditions, the capacity utilization will drop further and the Company will be seeing actions to secure new business to ensure better utilization of assets resulting in increased competition and cost pressure.

Intense competition makes it difficult to seek price increases to compensate the effects of inflation bringing the margins under severe pressure. However, the Company's supply contracts provide for periodic price adjustments indexed to the international prices of aluminum and this should offer some protection against volatility of commodity prices.

### IV. RISKS AND CONCERNS

#### Economy

There are possible risks on the horizon, both global and domestic. Economic recession gripped global economy following the lockdown due to the CoVID-19 pandemic. While global trade may stabilize earlier, macroeconomic impact of recession may be felt on the supply and demand side for a prolonged period of time.

Movement of migrant workers to their homes is also expected to have a negative impact on the industry and will slow down the revival of manufacturing activity in the country. This along with further policy changes, distressed financial markets could dampen the domestic market.

### Industry specific

The Indian commercial vehicle industry is a strong indicator of the economic activity in the country and has a strong correlation with the agricultural growth, infrastructure development and the mining industry. While the steep fall of the past 2 years has created a low base, supply disruptions due to CoVID-19 and cost push from BS-VI emission norms may keep near-term demand subdued. Competition has increased in the Indian market due to entry of new players. The Company is aware of the increasing competition and is taking customer focused measures to remain competitive in the market place.

The global automotive industry is also amidst experiencing the situation of a cyclical demand slowdown complicated further by the impact of CoVID-19.

Prices of aluminum have largely trended downward in 2019-20, interrupted only by a sharp and short-lived upturns. Slowing global growth, exacerbated by the CoVID-19 pandemic, has pushed down prices. Price gains are likely to be limited in 2020-21.

### Forex

With significant exports, import of raw materials and capital goods, the Company is always exposed to impact on account of currency fluctuations. However, the Company has a well-defined forex hedging policy to mitigate the risks.

### Contractual

The stipulation and requirements of the automobile industry demands high quality products. Robust quality management systems meeting international standards like IATF 16949 are in place to ensure excellent product quality. Additionally the Company has also taken, appropriate recall and product liability insurance in line with standard industry practice.

Just-in-time delivery is another important contractual obligation. Robust quality and project management systems are in place to avoid delay in deliveries due to quality issues or project implementation.

### Capacity utilization

The Company adds capacity, in existing and new locations, to meet the projected demand of customers. The Company closely monitors the progress of customer projects / volumes and appropriately deploys the assets to protect from both underutilization and capacity shortages to meet the demand. During the year, specific measures were taken to redeploy underutilized assets due to low demand scenario thereby saving significant investments.

### Risk Management Policy

Company's risk management framework is well embedded and continually reviewed by the Risk Management Committee. It enables the Board, to identify, evaluate and monitor principal risks and where possible, actively mitigate the risks that could affect the achievement of the Company's target.

As a process, risks associated with the business are identified and prioritized based on the Company's overall risk appetite, strategy, severity and probability of occurrence.

The Board is satisfied that there are adequate systems and procedures in place to identify, assess, monitor and manage risks. The Company's Risk Management Committee is overseeing all the risks that the

organization faces such as strategic, financial, market, IT, legal, regulatory, reputational and other risks and recommends suitable action. Risk mitigation policy has been approved by the Board.

### V. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Board is accountable for evaluating and approving the effectiveness of internal controls, including financial, operational and compliance controls. The Company has a proper and adequate internal control system to ensure that all its assets are safeguarded and protected against any loss and that all the transactions are properly authorized and recorded.

The internal control system is subject to continuous improvement, with system effectiveness assessed regularly. Information provided to management is reliable and timely. Company ensures the reliability of financial reporting and compliance with laws and regulations.

Company is strengthening the controls by leveraging technology and centralizing processes, enhanced monitoring and maintaining effective tax and treasury strategies.

The Audit Committee continues to monitor the effectiveness of internal control over the use of new technologies that impact the financial controls and reporting enterprise risk.

#### Internal Financial Control

The Company has an established Internal Financial Control framework including internal controls over financial reporting, operating controls and anti-fraud framework. The framework is reviewed regularly by the management and tested by internal audit team and presented to the Audit Committee. Based on the periodical testing, the framework is strengthened, from time to time, to ensure adequacy and effectiveness of Internal Financial Control.

### VI. KEY FINANCIAL RATIOS

As required under Regulation 34 of the Listing Regulations, there was a significant change in Return on Networth compared to the previous financial year.

Details of change in some of the ratios, as compared to the previous financial year is given below.

Particulars	Unit of measurement	Standalone		Consolidated	
		2019-20	2018-19	2019-20	2018-19
Interest Coverage Ratio	Times	2.25	3.37	1.93	2.56
Net Profit Margin	%	4.86	6.75	4.26	5.18
Return on Net worth	%	10.79	17.96	8.56	11.93

Profit for the year is lower primarily due to de-growth in auto Industry and also due to an exceptional item (one time voluntary separation costs). Reduction in profit for the current financial year has resulted in adverse movement of ratios.

### VII. OPERATIONS REVIEW

#### A. Manufacturing

The Company has been using Total Quality Management (TQM) as the foundation of its management. The Company implemented the best practices like Total Productivity Management (TPM) and Lean Manufacturing (TPS) in its manufacturing facilities. It also has in place best-in-class practices for safety, pollution control, work environment, water and energy conservation.



Continuous improvement projects are implemented to improve the product quality and operational efficiency in all the manufacturing locations. The Company's journey of achieving manufacturing excellence was recognized and rewarded by the following customer during FY 2019-20.

- PACCAR India - Supplier of the year 2019
- HMIL - Best performer 2019 for Production Support
- Hanon - Best process and systems
- Daimler - Supplier - Best practice sharing 2019
- Daimler - "A" rating - VDA 6.3 audit
- Cummins - Best supplier - Six sigma project
- Hanon - "Energy conservation 2019 - Gold" award

Srinivasan Services Trust (SST), CSR arm of the group, has also used TQM way of work in its activities in the villages adopted.

Mr Venu Srinivasan, Chairman of the Company has been conferred with the prestigious Deming 'Distinguished Service Award for Dissemination and Promotion Overseas' by Japanese Union of Scientists and Engineers (JUSE), for his outstanding contribution in the dissemination and promotion of Total Quality Management (TQM) across all companies in the group. Chairman has also guided in permeating TQM practices in many companies in India through cluster approach initiated by CII and ACMA.

### B. Quality

Achieving customer delight by consistently providing products of excellent quality is the prime motto of the Company. This is achieved through state-of-art technology, training, effective quality system, continuous improvement and total employee involvement.

Poka-yokes, process audits, use of statistical tools for process optimization and online process controls also contribute towards improving and achieving consistency in product quality. The quality system is certified for IATF 16949 requirements.

TQM is a way of life in the Company. 100% employee involvement has been successfully achieved for many years.

Employees have completed 671 projects by applying statistical tools through Quality Control Circles (QCC) in 2019-20. The average number of suggestions implemented per employee was 40.

### C. Cost Management

Cost management is a continuous journey and the Company manages the same through deployment, monitoring and control of costs across all departments. Cross functional teams are working on projects focussed on Value Added/Value Engineering (VA/VE) and improving operational efficiency. TPM and Lean initiatives are deployed Company-wide to achieve reduction in manufacturing cost.

### D. Information Technology

The Company uses ERP system that integrates all business processes across the Company. Suppliers and customers are also integrated into the system for better planning and execution. During the year, several dashboards were added to improve the productivity, quality and reduce the cost of operations. As we move more towards digitization, projects were also implemented to further enhance the Information Security.

### E. Research and Development

The Research and Development (R&D) team continued its focus on in-depth customer understanding, technology development and design innovations. The R&D team continues their efforts in

developing cutting-edge technologies that are relevant for the near and long-term requirements of the Company's business plans. These developments are centered on customers, emerging mobility needs, advanced safety regulations and sustainability. The Company also collaborates with leading research establishments and educational institutions, both within and outside the country to develop breakthrough technologies.

## VIII. HUMAN RESOURCE DEVELOPMENT

The Company considers employees as vital and most valuable assets. Human Resource Development (HRD) is aligned to business needs to enhance business performance and results. HRD is practiced through an overall HRD framework with its constituents as resourcing, employee engagement, performance & compensation management, competency based development, career & succession planning and organization development. Each of these constituent has a structured approach and process to deliver.

As a part of the long term strategies of the Company, collaborative education program has been initiated with three reputed institutes to develop role-ready engineers with Company-specific knowledge at the entry level.

Career development workshop is conducted to identify high potential employees. Such employees are groomed for taking up higher responsibilities. A reward and recognition system is in place to motivate and also provide fast track growth for the high potential employees.

Our engineers and executives are sponsored for advanced study offered by both Indian and foreign institutions. Customized technical and leadership competency improvement programs are developed and delivered through reputed institutions.

The Company continuously measures and reports employee engagement every year and identifies improvement areas to work on.

An excellent industrial relations environment continues to prevail at all the manufacturing units of the Company.

As on 31<sup>st</sup> March 2020, the Company had around 1,917 employees on its rolls.

## IX. ENVIRONMENT, HEALTH & SAFETY

The Company is fully committed to the ultimate goal of employee safety. Safety management is integrated with the overall Environment, Health and Safety (EHS).

The Company has been certified under Integrated Management System (IMS) combining ISO 14001 and OHSAS 18001 systems and procedures.

## X. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, amongst others, economic conditions affecting demand / supply and price conditions in the domestic and overseas market in which the Company operates, changes in the Government Regulations, Tax Laws and Other Statutes and Incidental Factors.

### 5. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Act, with respect to Directors' Responsibility Statement, it is hereby stated that -

- i. in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March 2020, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- ii. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2020 on a "going concern basis";
- v. the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 6. CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR activities have already been textured into the Company's value system through Srinivasan Services Trust (SST), established in 1996 with the vision of building self-reliant rural community.

Over 24 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

The Company is eligible to spend on their ongoing projects / programmes, falling within the CSR activities specified under the Act, as mandated by the Ministry of Corporate Affairs for carrying out the CSR activities.

The Committee formulated and recommended a CSR policy in terms of Section 135 of the Act, along with a list of projects / programmes to be undertaken for CSR spending in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Based on the recommendation of the CSR Committee, the Board has approved the projects / programs to be carried out as CSR activities by Srinivasan Services Trust (SST) by undertaking these programmes / projects, in compliance with the CSR policy of the Company and contributed ₹ 2 lakhs for the financial year 2019-20, towards CSR spending.

Presently, SST is working in 5,000 villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh and Andhra Pradesh covering a population of about 24.50 lakhs and 6.24 lakh families. SST has focussed on the areas of economic development, health care,

education, environment, social and infrastructure actively in 3000 villages. SST will focus on 2000 villages also, so that all the areas are covered in the next 3 years.

As required under Section 135 of the Act, read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Annual Report on CSR, containing the particulars of the projects / programmes approved and recommended by CSR Committee and approved by the Board for the financial year 2019-20 are given by way of Annexure-IV attached to this Report.

### 7. FINANCIAL PERFORMANCE & POSITION OF SUBSIDIARIES & ASSOCIATES

The following companies and bodies corporate are the subsidiaries / associates of the Company:

#### Subsidiaries

1. TVS Motor Company Limited, Chennai;
2. Sundaram Auto Components Limited, Chennai;
3. TVS Housing Limited, Chennai;
4. TVS Motor Services Limited, Chennai;
5. TVS Credit Services Limited, Chennai;
6. TVS Two-wheeler Mall Private Limited, Chennai;
7. TVS Micro Finance Private Limited, Chennai;
8. Harita ARC Private Limited, Chennai;
9. Harita Collection Services Private Limited, Chennai;
10. TVS Commodity Financial Solutions Private Limited, Chennai;
11. TVS Housing Finance Private Limited, Chennai;
12. Sundaram-Clayton (USA) Limited, USA;
13. TVS Motor Company (Europe) B.V., Amsterdam;
14. TVS Motor (Singapore) Pte. Limited, Singapore;
15. PT TVS Motor Company Indonesia, Jakarta;
16. Sundaram Holding USA Inc, Delaware, USA;
17. Green Hills Land Holding LLC, South Carolina, USA;
18. Components Equipment Leasing LLC, South Carolina, USA;
19. Sundaram-Clayton (USA) LLC, South Carolina, USA; and
20. Premier Land Holding LLC, South Carolina, USA.

#### Associates

1. Emerald Haven Realty Limited, Chennai and its subsidiaries;
2. TVS Training and Services Limited, Chennai; and
3. Sundram Non-Conventional Energy Systems Limited, Chennai

### SUBSIDIARIES / ASSOCIATES

#### TVS Motor Company Limited (TVSM)

TVSM is engaged in the business of manufacture of two and three wheelers. During the year 2019-20, TVSM's total revenue including other income was ₹ 16,455.44 Cr and earned a profit before tax of ₹ 754.41 Cr after exceptional item of ₹ 32.33 Cr.

## Sundaram-Clayton Limited

TVSM for the year 2019-20, declared first interim dividend of ₹ 2.10 per share (210%) absorbing a sum of ₹ 120.28 Cr including dividend distribution tax and a second interim dividend of ₹ 1.40 per share (140%) absorbing a sum of ₹ 79.75 Cr including dividend distribution tax.

Hence, the total amount of dividend for the year ended 31<sup>st</sup> March 2020 aggregated to ₹ 3.50 per share (350%) on 47,50,87,114 equity shares of ₹ 1 each.

### **Sundaram Auto Components Limited (SACL)**

Sales of SACL was ₹ 529.50 Cr for 2019-20 as against ₹ 601.16 Cr in the previous year.

SACL earned a Profit Before Tax of ₹ 6.44 Cr during the year 2019-20 as against ₹ 17.37 Cr in the previous year.

SACL declared an interim dividend of ₹ 0.50 per share (5%) for the year ended 31<sup>st</sup> March 2020, thereby absorbing a sum of ₹ 2.54 Cr including dividend distribution tax.

During the year, TVSM has subscribed a sum of ₹ 60 Cr in the equity capital of SACL.

### **TVS Housing Limited (TVSH) / Emerald Haven Realty Limited (EHRL)**

TVS Housing Limited is a 100% subsidiary of TVS Motor Company Limited.

#### **EHRL**

Chennai residential real estate market has de-grown by 20% in the financial year 2019-20. The NBFC crisis, changes to GST regulations and CoVID 19, led to a reduction in the number of new launches by developers and postponement of purchase decision by buyers, resulting in a general slowdown in the real estate market.

During the year, all villas in the final phase of GreenHills and plots in Salamangalam in Chennai were sold.

In 2019-20, the Company launched Flourish Apartments at Salamangalam comprising of 208 residential units. This project falls under the category of "affordable homes" defined by the Government of India. 61% of the apartments have been sold till date.

During 2019-20, project Lighthouse in Chennai was launched - a 14 storey residential apartment complex comprising of 279 units and 73% of the apartments have been sold till date.

In January 2019, Emerald Haven Life Spaces (Radial Road) Limited (EHLSRRL), a subsidiary of EHRL acquired land admeasuring 6 acres to develop Multi-storeyed Building (MSB) at Kovilambakkam, Radial Road, Chennai.

During the year, the Company geographically expanded to Bengaluru via Joint Development Agreement (JDA) for a 6.4 acre land parcel in Kagglipura, Bengaluru.

During the year, EHRL entered into a Joint Venture Agreement with ASK Real Estate Special Opportunities Fund - II (ASK) and invested a sum of ₹ 16.63 Cr and ASK invested their share of ₹ 15.98 Cr.

The Company has completed construction of 1.4 Million Sq.ft till date and the total area under development as on date is 5.5 Million Sq.ft

#### **Subsidiaries of EHRL**

1. Emerald Haven Development Limited (EHDL);
2. Emerald Haven Projects Private Limited (EHPPL);

3. Emerald Haven Life Spaces (Radial Road) Limited (EHLSRRL);
4. Emerald Haven Realty Developers (Paraniputhur) Private Ltd (EHRDPPL);
5. Emerald Haven Property Development Limited (EHPDL);
6. Emerald Haven Town and Country Private Limited (EHTCPL);
7. Happiness Harmony Property Developers Private Limited (HHPDPL); and
8. Emerald Haven Towers Limited (EHTL)

### **PT. TVS Motor Company Indonesia (PT TVSM)**

The Indonesian two-wheeler Industry was stagnant during the year 2019-20 at around 7.2 million units. While Skubek segment grew by 3%, bebek and motorcycle segments suffered negative growth of 15% and 21% respectively.

During the year under review, PT TVS achieved sales of 53,650 nos. of two wheelers as against 40,760 nos. of last year, thereby registering a growth of 31%. In three wheelers, the company recorded sales of 8,100 units as against 2,700 units of sales during the previous year.

The impressive growth in sales numbers, coupled with margin improvement enabled the company to achieve a positive EBITDA of USD 0.75 million for the full year as against a loss of USD 3.04 million of last year. It is also worthwhile to note that the company achieved break even by posting operating profit for the second half of the financial year 2019-20. During the year, TVSM has invested a sum of USD 5 Mn in the ordinary shares of PT TVSM.

### **TVS Motor Company (Europe) B.V**

TVSM had earlier incorporated TVS Motor Company (Europe) B.V. in Netherlands with a view to serve as special purpose vehicle for making and protecting the investments made in overseas operations of PT TVSM.

### **TVS Motor (Singapore) Pte. Ltd**

TVS Motor (Singapore) Pte Limited, a wholly owned subsidiary of TVS Motor Company Limited in Singapore is leveraged to operationalize digital technology by delivering high quality solutions that address real life business challenges viz., harnessing the power of Analytics, Artificial Intelligence, Augmented Reality, Machine Learning and Internet of Things (IOT).

These are focused in areas of automotive and fintech industries that have direct relevance to Company and its subsidiaries. The digital strategy would be delivered through both organic and inorganic means.

As part of this strategy, during the financial year 2019-20, TVS Motor (Singapore) Pte Limited has made investments in US based companies viz., Altizon Inc, Predictronics, Scienaptics and in Tagbox Pte, which are in the fields of IOT, predictive maintenance and credit underwriting, with an aggregate investment of USD 16.57 Mn. During the year, TVSM has invested a sum of SGD 26.48 Mn in the ordinary shares of TVS Motor (Singapore) Pte Limited.

### **Project 303 Bidco Limited, United Kingdom (UK)**

TVS Motor (Singapore) Pte Limited has acquired a newly incorporated company viz., Project 303 Bidco Limited, UK (UK Subsidiary) on 2<sup>nd</sup> April 2020 and consequently, it has become wholly owned subsidiary.

UK Subsidiary has signed an asset purchase agreement with, amongst others, Norton Motorcycles Holdings Limited (in administration) and

## Sundaram-Clayton Limited

Norton Motorcycles (UK) Limited (in administration) (together "Norton") to acquire certain assets from Norton, including, the brand "Norton" and other associated brands.

Norton Motorcycles (UK) Limited (in administration) was engaged in the business of manufacturing the iconic "Norton" and allied brand motorcycles. It is an entity based in the United Kingdom of Great Britain and Northern Ireland.

### **TVS Motor Services Limited (TVS MS)**

TVS MS was initially the investment SPV of TVS Motor Company Limited, for funding TVS Credit Services Limited (TVS CS).

The National Company Law Tribunal, Chennai (NCLT), on 16<sup>th</sup> April 2019 approved a Scheme of Arrangement (Scheme) between TVS MS, TVS CS and their respective shareholders and became effective 9<sup>th</sup> May 2019, being the date of filing of the said approved Scheme with the Ministry of Corporate Affairs.

In terms of the Scheme, TVS MS redeemed its entire Non-cumulative Redeemable Preference Shares (NCRPS) previously held by TVS Motor Company Limited (TVSM) by transferring the investment held by it in TVS CS equity shares in favour of TVSM on 6<sup>th</sup> June 2019.

Post transfer of equity shares of TVS CS, TVS Motor Company Limited now holds 83.95% of the equity capital directly in TVS CS, which was earlier held through TVS MS, the wholly owned subsidiary of TVSM. TVS MS continues to be a 100% subsidiary of TVSM.

During the year, TVSM subscribed to 4,50,00,000 Equity Shares of TVS MS aggregating to ₹ 45 Cr at a price of ₹ 10/- per share.

### **TVS Credit Services Limited (TVS CS)**

TVS CS is the retail finance arm of TVS Motor Company Limited for financing of two-wheelers.

During the year 2019-20, TVS CS's overall disbursements registered at ₹ 7,585 Cr as compared to ₹ 7,067 Cr in the previous year. During the year under review, the assets under management stood at ₹ 9,215 Cr as against ₹ 8,335 Cr during the previous year registering a growth of 10%. Total income during the financial year FY 2020 increased to ₹ 2,015 Cr from ₹ 1,635 Cr during the financial year, an increase of 23.1% over the previous year.

The profit before tax and exceptional items for the year has also improved and stood at ₹ 219 Cr as against ₹ 216 Cr during the previous year. During the year, TVSM has invested a sum of ₹ 45 Cr in the Equity capital of TVS CS.

The following companies are the subsidiaries of TVS CS.

1. TVS Two-wheeler Mall Private Limited
2. TVS Micro Finance Private Limited
3. Harita ARC Private Limited
4. Harita Collection Services Private Limited
5. TVS Commodity Financial Solutions Private Limited
6. TVS Housing Finance Private Limited

All the above subsidiaries are yet to commence its operations.

### **Sundaram-Clayton (USA) Limited**

Sundaram-Clayton (USA) Limited, a wholly owned subsidiary of the Company is engaged in the business of providing Professional Employer Organisation ("PEO") services to the employees of the Company. The

Company earned revenue of USD 7,078 and net income after adjustment of expenses amounted to USD 390 for the year ended 31<sup>st</sup> March 2020.

### **Sundaram Holding USA Inc. (SHUI) & its subsidiaries**

The Company along with Sundaram Auto Components Limited (SACL) has formed Sundaram Holding USA Inc. (SHUI), a company established under the applicable provisions of Laws of The United States of America.

SHUI's wholly owned subsidiaries are:

1. Green Hills Land holding LLC, South Carolina, USA
2. Component Equipment Leasing LLC, South Carolina, USA
3. Sundaram-Clayton USA LLC, South Carolina, USA
4. Premier Land Holding LLC, South Carolina, USA

During the year 2019-20, the Company invested a sum of USD 2 Mn and SACL has invested a sum of USD 6 Mn in the ordinary shares of SHUI and holds 25% (Balance 75% held by SACL) of the total capital of SHUI as on 31<sup>st</sup> March 2020.

### **TVS Training and Services Limited (TVS TSL)**

TVS TSL is engaged in the business of establishing and providing vocational training services to various industries and is participating in the National Skill Development Projects. During the year, the Company earned an income of ₹ 34.20 Cr and profit after tax for the year ended 31<sup>st</sup> March 2020 was ₹ 2.01 Cr.

### **Sundram Non-Conventional Energy Systems Limited (SNCES)**

SNCES is engaged in the business of generation of power. During the year, the Company earned a total revenue of ₹ 2.93 Cr and Profit after tax was ₹ 1.64 Cr.

## 8. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company are prepared in accordance with the provisions of Section 129 of the Act read with the Companies (Accounts) Rules, 2014 and Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) along with a separate statement containing the salient features of the financial performance of subsidiaries / associates, in the prescribed form. The audited consolidated financial statements together with Auditors' Report forms part of the Annual Report.

The audited financial statements of the subsidiary companies will be made available to the shareholders, on receipt of a request from any Shareholder and it has also been placed on the website of the Company. This will also be available for inspection by the shareholders at the Registered Office during the business hours as mentioned in the Notice of AGM.

The consolidated Profit Before Tax of the Company and its subsidiaries & associates amounted to ₹ 845.21 Cr for the financial year 2019-20 as against ₹ 1,117.74 Cr of the previous year.

## 9. DIRECTORS & KEY MANAGERIAL PERSONNEL

### **Directors' appointment / re-appointment**

In terms of the provisions of sub-section (6) read with explanation to Section 152 of the Act, two-thirds of the total number of Directors i.e., excluding IDs, are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every annual general meeting.



Mr Gopal Srinivasan and Dr. Lakshmi Venu are liable to retire by rotation, at the ensuing AGM, and being eligible, offer themselves for re-appointment.

The Directors have recommended their re-appointment for the approval of shareholders. Brief resume of the Directors are furnished in the Notice convening the AGM of the Company.

### Independent Directors (IDs)

All IDs hold office for a fixed term and are not liable to retire by rotation.

At the AGM held on 23<sup>rd</sup> July 2019, Ms Sasikala Varadachari was appointed as ID for the first term of five consecutive years. Vice Admiral P J Jacob was re-appointed as ID for a second term of five consecutive years from 21<sup>st</sup> August 2019 and M/s V Subramanian, S Santhanakrishnan, R Vijayaraghavan and Kamlesh Gandhi were re-appointed as IDs for the second term of three consecutive years from 21<sup>st</sup> August 2019. Mr Gopalan was re-appointed as ID for the second term of three consecutive years from 24<sup>th</sup> July 2019.

The terms cover, *inter-alia*, duties, rights of access to information, disclosure of their interest / concern, dealing in Company's shares, remuneration and expenses, insurance and indemnity. The IDs are provided with copies of the Company's policies and charters of various Committees of the Board.

In accordance with Section 149(7) of the Act, all IDs have declared that they meet the criteria of independence as provided under Section 149(6) of the Act and Regulation 25 of the Listing Regulations, and the Board confirms that they are independent of the management.

The detailed terms of appointment of IDs are disclosed on the Company's website in the link as provided in page no. 76 of this Annual Report.

All the IDs have registered themselves with the databank of Independent Directors developed by the Indian Institute of Corporate Affairs in accordance with the provisions of Section 150 of the Act and obtained ID registration certificate.

### Separate meeting of Independent Directors

During the year under review, a separate meeting of IDs was held on 10<sup>th</sup> March 2020.

Based on the set of questionnaires, complete feedback on Non-IDs and details of various activities undertaken by the Company were provided to IDs to facilitate their review / evaluation.

### (a) Non-Independent Directors (Non-IDs)

IDs used various criteria and methodology practiced in Industry, prescribed by NRC for evaluation of Non-IDs viz., M/s. Venu Srinivasan, Chairman and Managing Director, Dr. Lakshmi Venu, Joint Managing Director and Sudarshan Venu, T K Balaji and Gopal Srinivasan, Directors, Chairman of the Board and Board as a whole.

IDs evaluated the performance of all Non-IDs individually, through a set of questionnaires. They reviewed their interaction during the Board/ Committee meetings and strategic inputs given by them to improve the risk management, internal controls and contribution to the Company's growth.

IDs were satisfied fully with the performance of all Non-IDs.

### (b) Chairman

The IDs reviewed the performance of Chairman of the Board after taking into account his performance and benchmarked the achievement of the Company with industry under the stewardship of Chairman.

The IDs also placed on record, their appreciation of Chairman's high level of integrity, trust, confidentiality, impartial & judicious approach, transparency and commitment to governance, setting high standards for the Company, outstanding ability to motivate the board's involvement and stimulate discussions particularly during a year of diverse challenges and tough state of economy and clear initiatives for staying ahead of competition.

Chairman was also nominated for the "Padma Bhushan", the third highest civilian award, and was conferred with the prestigious Deming 'Distinguished Service Award for Dissemination and Promotion Overseas', and becomes the First Industrialist from India to be bestowed this prestigious award for his contributions in the field of Total Quality Management (TQM).

The Deming Prize is the highest award for TQM in the world. Deming 'Distinguished Service Award for Dissemination and Promotion Overseas' is given to individuals who have made outstanding contributions in the dissemination and promotion of Total Quality Management (TQM) and is sponsored by Japanese Union of Scientists and Engineers (JUSE). He is also a key member of Prime Minister Council on Trade and Industry.

They also recorded the growth story of the Company under the leadership of Chairman and increase in customer base and turnover.

### (c) Board

IDs also evaluated Board's composition, size, mix of skills and experience, its meeting sequence, effectiveness of discussion, decision making, follow up action, so as to improve governance and enhance personal effectiveness of Directors.

The evaluation process focused on Board Dynamics and the Board upon evaluation concluded that it is well balanced in terms of diversity of experience with expert in each domain viz., Engineering, Leadership, Strategy, Finance, Legal, Banking and Regulatory and Governance. The Company has a Board with wide range of expertise in all aspects of business.

IDs recorded that they were always kept involved through open and free discussions and provided additional inputs in emerging areas being forayed into by the Company and high levels of Corporate Governance in all management discussion and decisions were maintained.

The IDs unanimously evaluated the prerequisites of the Board viz., formulation of strategy, acquisition & allocation of overall resources, setting up policies, directors' selection processes and cohesiveness on key issues and satisfied themselves that they were adequate.

They were satisfied with the Company's performance on all fronts and finally concluded that the Board operates with best practices.

### (d) Quality, Quantity and Timeliness of flow of Information between the Company, Management and the Board

All IDs have expressed their overall satisfaction with the support received from the management and the excellent work done by the management during the year under review and also that the relationship between the top management and Board is smooth and seamless.

The information provided for the meetings were clear, concise and comprehensive to facilitate detailed discussions and periodic external presentations on specific areas well supplemented the management inputs. The emerging e-technology was duly incorporated in the overall review of the board.



### KEY MANAGERIAL PERSONNEL (KMP)

During the year, the board, at its meeting held on 5<sup>th</sup> February, 2020 re-appointed Dr. Lakshmi Venu as Joint Managing Director of the Company (JMD), for a further period of five years effective 22<sup>nd</sup> March 2020 on such terms and conditions and the same was approved by the shareholders through Postal ballot on 17<sup>th</sup> March 2020.

Mr Venu Srinivasan, Chairman and Managing Director, Dr Lakshmi Venu, Joint Managing Director, Mr Vivek S Joshi, CEO, Mr K Gopala Desikan, CFO and Mr R Raja Prakash, Company Secretary are the 'Key Managerial Personnel' of the Company as on date of this Report.

### Nomination and Remuneration Policy

The Nomination and Remuneration Committee of Directors (NRC) reviews the composition of the Board to ensure an appropriate mix of abilities, experience and diversity to serve the interests of all stakeholders of the Company.

Nomination and Remuneration Policy was approved by the Board at its meeting held on 24<sup>th</sup> September 2014 and amended from time- to-time to maintain consistency and statutory amendments to be reflected in the policies to make it upto date and more comprehensive. The objective of such policy shall be to attract, retain and motivate executive management and devise remuneration structure to link to Company's strategic long term goals, appropriateness, relevance and risk appetite.

NRC will identify, ascertain the integrity, qualification, appropriate expertise and experience, having regard to the skills that the candidate will bring to the Board / Company, whenever the need arises for appointment of Directors / KMP.

Criteria for performance evaluation, disclosures on the remuneration of Directors, criteria of making payments to Non-Executive Directors have been disclosed as part of Corporate Governance Report attached herewith.

### Remuneration payable to Non-executive Independent Directors

The shareholders through Postal Ballot on 22<sup>nd</sup> June 2016 approved the remuneration by way of commission not exceeding 1% of the net profits, in aggregate, payable to Non-Executive and Independent Directors of the Company (NE-IDs) for every year, subject to the performance of the Company for a period of 5 years commencing from 1<sup>st</sup> April 2016.

NE-IDs devote considerable time in deliberating the operational and other issues of the Company and provide valuable advice in regard to the management of the Company from time to time, and the Company also derives substantial benefit through their expertise and advice.

### Evaluation of Independent Directors and Committees of Directors

In terms of Section 134 of the Act and the Corporate Governance requirements as prescribed under Listing Regulations, the Board reviewed and evaluated Independent Directors and various Committees viz., Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders' Relationship Committee, based on the evaluation criteria laid down by the NRC.

Board has carried out the evaluation of all Directors (excluding the Director being evaluated) and its Committees through a set of questionnaires.

### Independent Directors

The performance of all IDs were assessed against a range of criteria such as contribution to the development of business strategy and performance of the Company, understanding the major risks affecting the Company, clear direction to the management and contribution to the Board cohesion. The performance evaluation has been done by the entire Board of Directors, except the Director concerned being evaluated.

The Board noted that all IDs have understood the opportunities and risks to the Company's strategy and are supportive of the direction articulated by the management team towards consistent improvement.

On the basis of the report of performance evaluation of directors, the Board noted and recorded that all the directors should extend and continue their term of appointment as Directors / Independent Director, as the case may be.

### Committees

Board delegates specific mandates to its Committees, to optimize Directors' skills and talent besides complying with key regulatory aspects.

- Audit Committee for overseeing financial Reporting;
- Risk Management Committee for overseeing the risk management framework;
- Nomination and Remuneration Committee for selecting and remunerating Directors / Employees;
- Stakeholders' Relationship Committee for redressing investors grievances; and
- Corporate Social Responsibility Committee for overseeing CSR initiatives and inclusive growth.

The performance of each Committee was evaluated by the Board after seeking inputs from its Members on the basis of specific terms of reference, its charter, time spent by the Committees in considering key issues, quality of information received, major recommendations / action plans and work of each Committee.

The Board is satisfied with the overall effectiveness and decision making of all Committees. The Board reviewed each Committee's terms of reference to ensure that the Company's existing practices remain appropriate.

Recommendations from each Committee were considered and approved by the Board prior to its implementation. The Board has accepted all the recommendations of the Committees which are mandatorily required, in the relevant financial year.

Details of Committees, its charter, functions are provided in the Corporate Governance Report attached to this Report.

### Number of board meetings held:

The number of board meetings held during the financial year 2019-20 is provided as part of Corporate Governance Report prepared in terms of the Listing Regulations.

### 10. AUDITORS

#### Statutory Auditors

The Company at its fifty fifth AGM held on 19<sup>th</sup> July 2017 appointed M/s Raghavan, Chaudhuri & Narayanan, Chartered Accountants, Bengaluru, having Firm Registration No. 007761S allotted by The Institute of Chartered Accountants of India, as Statutory Auditors of the Company to hold office, for the first term of five consecutive years, from the conclusion of the said AGM, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

The statutory auditors will continue to hold office for the fourth year in the first term of five consecutive years, from the conclusion of this AGM.

The Company has obtained necessary certificate under Section 141 of the Act conveying their eligibility for being statutory auditors of the Company for the year 2020-21.

The Auditors' Reports for the financial year 2019-20 do not contain any qualification, reservation or adverse remark and the same is attached with the annual financial statements.

#### Secretarial Auditor

As required under Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company is required to appoint a Secretarial Auditor for auditing secretarial and related records of the Company.

The Secretarial Audit Report for the financial year 2019-20, given by Ms B Chandra, Practising Company Secretary, Chennai for auditing the secretarial and related records is attached to this report. The Secretarial Audit Report does not contain any qualification, reservation or other remarks.

The board at its meeting held on 29<sup>th</sup> May 2020 has re-appointed Ms B Chandra, Practising Company Secretary, Chennai, (CP No. 7859) as Secretarial Auditor for the financial year 2020-21.

#### Cost Auditor

As per Section 148 of the Act read with the Companies (Cost Records and Audit) Rules 2014, as amended, the cost audit records maintained by the Company in respect of parts manufactured by the Company covered under other machinery specified under Customs Tariff Act heading in Table B to Rule 3 of the above rules, are required to be audited by a Cost Auditor.

In terms of the Companies (Cost Records and Audit) Amendment Rules, 2014, the board, re-appointed Mr A N Raman, Cost Accountant, Chennai holding Certificate of practice No. 5359 allotted by The Institute of Cost Accountants of India, as a Cost Auditor for conducting cost audit for the financial year 2020-21.

The Company has also received necessary certificate under Section 141 of the Act from him conveying his eligibility to act as a cost auditor. A sum of ₹ 3.50 lakhs has been fixed by the board as remuneration in addition to reimbursement of all applicable taxes, actual traveling and out-of-pocket expenses incurred by him and is required to be approved and ratified by the members, at the ensuing AGM as per Section 148(3) of the Act.

The Company has filed the Cost Audit Report of 2018-19 on 21<sup>st</sup> August 2019 in XBRL format.

### 11. CORPORATE GOVERNANCE

The Company has been practicing the principles of good corporate governance over the years and lays strong emphasis on transparency, accountability and integrity.

A separate section on Corporate Governance and a certificate from the Statutory Auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated under the Listing Regulations is given as Annexure-VII to this Report.

The Chairman and Managing Director and the Chief Financial Officer of the Company have certified to the Board on financial statements and other matters in accordance with Regulation 17(8) of the Listing Regulations, 2015 pertaining to CEO / CFO certification for the financial year ended 31<sup>st</sup> March 2020.

### 12. BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34 of the Listing Regulations, the Business Responsibility Report for the year 2019-20 describing the initiatives taken from an environment, social and governance perspectives, in the prescribed format is given as Annexure-VI to this Report and is also available on the Company's website in the link as provided in page no. 76 of this Annual Report.

### 13. POLICY ON VIGIL MECHANISM

The Company has adopted a Policy on Vigil Mechanism in accordance with the provisions of the Act and Regulation 22 of the Listing Regulations, which provides a formal mechanism for all Directors, Employees and other Stakeholders of the Company to report to the management, their genuine concerns or grievances about unethical behaviour, actual or suspected fraud and any violation of the Company's Code of Business Conduct and Ethics.

The Code also provides a direct access to the Chairman of the Audit Committee to make protective disclosures to the management about grievances or violation of the Company's Code.

The Board at its meeting held on 5<sup>th</sup> February 2020 made certain amendments to the Whistle Blower Policy for protecting whistle blower who made in good faith and express guidance on procedure to be undertaken by the investigators for carrying out investigation on complaints filed by employees.

The policy is disclosed on the Company's website in the link as provided in page no. 76 of this Annual Report.

### 14. PUBLIC DEPOSITS

The Company has not accepted any deposit from the public within the meaning of Section 76 of the Act, for the year ended 31<sup>st</sup> March 2020.

### 15. STATUTORY STATEMENTS

#### **Information on conservation of energy, technology absorption, foreign exchange, etc.,**

Relevant information is given in Annexure-I to this Report, in terms of the requirements of Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014.

#### **Material changes and commitments**

The Manufacturing facilities and all offices of the Company were closed on March 23, 2020 following the countrywide lockdown due to CoVID-19. The Company has since obtained required permissions and restarted its manufacturing facilities and all offices partially. Based on assessment of the impact of CoVID-19 on the operations of the Company and ongoing discussions with customers, vendors and service providers, the Company is confident of obtaining regular supply of raw materials and components, resuming supply chain logistics and serving customers.

The Company has considered the possible effects of CoVID-19 on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, Trade Receivable and Other Current Assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company, as at the date of approval of the financial results, has used external and internal sources of information/ indicators to estimate the future performance of the Company. Based on current estimates, the Company expects the carrying amount of these assets to be recovered.

#### **Significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company**

There are no significant and material orders passed by the Regulators or Courts or Tribunals, which would impact the going concern status of the Company and its future operations.

#### **Annual Return**

Extract of the Annual Return in prescribed form is given as Annexure-II to this Report, in terms of the requirements of Section 134(3)(a) of the Act read with the Companies (Accounts) Rules, 2014.

The same is available on the Company's website in the link as provided in page no. 76 of this Annual Report.

#### **Employee's remuneration**

Details of employees receiving the remuneration in excess of the limits prescribed under Section 197 of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as a statement and given in Annexure-III. In terms of first proviso to Section 136(1) of the Act the Annual Report, excluding the aforesaid annexure is being sent to the Shareholders of the Company. The annexure is available for inspection at the Registered Office of the Company during business hours as mentioned in the Notice of AGM and any Shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company. Certain incentive / performance related payments for the financial year 2019-20 for KMPs and SMPs have been reduced / deferred on account of CoVID-19.

#### **Comparative analysis of remuneration paid**

A comparative analysis of remuneration paid to Directors and employees with the Company's performance is given as Annexure-V to this Report.

#### **Details of material related party transactions**

There are no material related party transactions under Section 188 of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014. Details of all related party transactions are enclosed as part of the accounts for the year ended 31<sup>st</sup> March 2020.

#### **Details of loans / guarantees / investments made**

During the year under review, the Company had not granted any loans or guarantees covered under Section 186 of the Act.

Please refer note no. 5 to Notes on accounts for the financial year 2019-20, for details of investments made by the Company.

#### **Reporting of fraud**

The Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Act.

#### **Secretarial Standards**

The Company has complied with the applicable secretarial standards as amended from time to time.

#### **Disclosure in terms of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, there were no cases filed pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### 16. ACKNOWLEDGEMENT

The directors gratefully acknowledge the continued support and co-operation received from the promoters of the Company, viz., T V Sundram Iyengar & Sons Private Limited, Southern Roadways Private Limited, Sundaram Industries Private Limited and Sundaram Finance Holdings Limited.

The Directors thank the vehicle manufacturers, vendors and bankers for their continued support and assistance.

The Directors wish to place on record their appreciation of the continued excellent work done by all the employees of the Company during the year.

The Directors specially thank the shareholders for their continued faith in the Company.

For and on behalf of the Board of Directors

Chennai  
29<sup>th</sup> May 2020

VENU SRINIVASAN  
Chairman

## **Annexure - I to Directors' Report to the shareholders**

### **Information pursuant to Section 134(3)(m) of the Companies Act, 2013**

#### **A. CONSERVATION OF ENERGY**

##### **1. Measures taken – FY 2019-20:**

- (i) Replaced energy efficient compressed air dryers and reduced pressure drop from 1.0 bar to 0.2 bar.
- (ii) Replaced energy efficient compressor, which resulted in reduction of specific energy consumption upto 9%.
- (iii) Incorporated Variable Frequency Drive (VFD) in the induced draught fan motor of tower furnace scrubber.
- (iv) Introduced VFD in cooling tower delivery pump for constant water pressure in dies for all Pressure Die Cast (PDC) machines to optimize the power consumption.
- (v) Converted delta to star connection in hydraulic pump of tilting machines.
- (vi) Introduced motion controller for the office lights to switch OFF when it is not required.
- (vii) Air leak reduced from 13% to 7% by leakages arresting and modification of pneumatic panels.
- (viii) Air pressure reduction from 6.0 bar to 5.0 bar in Gravity Die Cast (GDC) and fettling area.
- (ix) Introduced thyristor drives in furnaces - 10 Nos.
- (x) Replaced energy efficient water delivery pumps in cooling towers.
- (xi) Optimization of chillers and thermo regulation unit in PDC machines.

The above measures have resulted in an annual saving of about ₹ 177.5 Lakhs.

##### **2. Proposed Measures - FY 2020-21:**

- (i) Introduction of thyristor drives for the holding furnaces.
- (ii) Introduction of damper control for underflow motor to optimize the power requirement.
- (iii) Idle time cut off of Hydraulic pumps, heaters, Coolant pump and conveyors.
- (iv) Introduction of Automatic Lid in the Gravity Die Casting Holding Furnaces.
- (v) Introduction of low capacity compressors during low production and holidays.
- (vi) Replacement of energy efficient air dryers & compressors.
- (vii) Introduction of inlet valve flow control in compressor main header to optimize the air flow & energy.
- (viii) Replacement of conventional fans with BLDC (Brushless DC) fan for office and canteen.

- (ix) Compressor energy consumption reduction by air audit study and optimizing the compressed utilization across all plants.

- (x) Variable Frequency Drive installation of Air compressors.

The above measures are expected to yield an annual saving of about ₹ 189.7 Lakhs.

##### **3. Steps taken for utilizing alternate sources of energy:**

During the year 2019-20, the Company has utilized power generated through wind and solar energy to an extent of 157.7 and 18.6 lakh units.

The Company also plans to continue the utilization of wind and solar captive energy (176 lakh units) during the year 2020-21.

##### **4. Capital investment in energy conservation equipment:**

In the year 2019-20, the Company has invested ₹0.75 lakh towards energy conservation equipment's and accessories.

The Company is planning to invest around ₹ 175 lakh in 2020-21 towards the green energy generation of Solar (5MW) of power.

#### **B. TECHNOLOGY ABSORPTION FOR 2019-20**

##### **Research & Development (R & D)**

##### **1. Specific areas in which R & D is carried out by the Company**

###### **Completed activities:**

- (i) Developed abrasive flow machining (AFM) of closed volute housings and prototypes are supplied to customer for evaluation.
- (ii) Performed Finite Element Analysis (FEA) and optimized the design of structural parts to enhance manufacturing feasibility for aluminium alloys.
- (iii) Co-developed prototype castings for structural parts which are currently being produced through fabrication at Customer end.
- (iv) Converted twin Low Pressure Die Casting (LPDC) machines to four cavity machines. Converted single cavity U313 cylinder head to twin cavity.
- (v) Introduced cylinder head Phoenix in four cavity die for first time.
- (vi) Machined combustion chamber in cylinder head castings to meet BS-VI regulatory norms.
- (vii) Introduced thermal decoring for cylinder head dies to remove sand from thin walled oil gallery cores.
- (viii) Maintenance and re-usage of existing hydraulic cylinder in replacement and new product dies.

## Sundaram-Clayton Limited

- (ix) Improved productivity through controlled cooling at locations in the stringent quality requirements.
- (x) Developed 48 New products - brackets, timing chain cover, cover Variator, cylinder heads, cover cylinder head, etc.

### Ongoing activities:

- (i) Develop Semi-Solid (GISS) process for structural HPDC parts.
- (ii) Die life enhancement using GISS by lower temperature of operation and reduction in the flash.
- (iii) Installation of large scale automated one-way AFM processes.
- (iv) Co-development of Higher CC (225) cylinder head with Customer.
- (v) Elimination of ED coating process in inlet manifold castings through the implementation of superior alloy.
- (vi) Rationalizing the number of aluminium alloys (GDC & PDC) to improve overall cost effectiveness of the process.
- (vii) Stabilize the thermal balancing of castings by implementing closed loop control system.

### 2. Benefits derived as a result of R & D:

- (i) Developed new die cast products for customers;
- (ii) Validation of product life by performance testing;
- (iii) Ideas generated for new business;
- (iv) Upgradation of technical competency of employees;
- (v) Quality improvement in existing parts; and
- (vi) Energy saving.

### 3. Future plan of action:

- (i) Development of Squeeze casting
- (ii) Indigenization of die steel grades.
- (iii) Development of Gas Induced Semi Solid in GDC process.
- (iv) Introduction of Advanced Thixotropy Metallurgy technology for yield improvement.
- (v) Development of Salt core technology to produce HPDC castings with intricate profiles HPDC process.

### Data relating to imported technology:

Technology imported during the last three years reckoned from the beginning of the financial year - NIL

Expenditure on R&D - ₹ 7.64 Cr

## C. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO

### 1. Export activities

Export during the year ended 31<sup>st</sup> March 2020 amounted to ₹ 587.31 Cr as against ₹ 786.91 Cr for the year ended 31<sup>st</sup> March 2019.

### 2. Total foreign exchange earned and used (actual)

(₹ in Cr.)

a) Foreign exchange used	351.95
b) Foreign exchange earned	646.09

For and on behalf of the Board

Chennai  
29<sup>th</sup> May 2020

VENU SRINIVASAN  
Chairman



## Sundaram-Clayton Limited

### Annexure - II to Directors' Report to the shareholders

Form No. MGT-9

#### EXTRACT OF ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

i)	CIN	: L35999TN1962PLC004792
ii)	Registration Date	: 24.05.1962
iii)	Name of the Company	: Sundaram-Clayton Limited
iv)	Category / Sub-Category of the Company	: Public Company / Limited by shares
v)	Address of the Registered office and contact details	: "Chaitanya", No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006 Tel. : 044 - 2833 2115
vi)	Whether listed company	: Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	: Share Transfer Department "Jayalakshmi Estates", 1 <sup>st</sup> Floor, 29, Haddows Road, Chennai - 600 006 Tel. : 044 - 2828 4959

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company

Sl. No	Name and Description of main products / services	NIC code of the product / service	% to total turnover of the Company
1	Aluminium Alloy Cast Articles including parts and components	2930	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name of the Company	Address of the Company	CIN / GLN	% of shares held	Applicable Section of the Companies Act, 2013
<b>Holding Companies</b>					
1.	T V Sundram Iyengar & Sons Private Limited & its subsidiaries in Sl. No.2 and 3	TVS Building, 7-B, West Veli Street, Madurai - 625 001	U34101TN1929PTC002973	Holds 63.76% in the Company	2(46)
2.	Sundaram Industries Private Limited	211, South Veli Street, Madurai - 625 001	U65991TN1943PTC002656		
3.	Southern Roadways Private Limited	Lakshmi Buildings, Usilampatti Road, Kochadai, Madurai - 625 016	U60221TN1946PTC002582		
<b>Subsidiary Companies</b>					
4.	TVS Motor Company Limited	"Chaitanya", No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006	L35921TN1992PLC022845	57.40% held by the Company	2(87)
5.	Sundaram Auto Components Limited		U29249TN1992PLC051417	100% held by SI No.4	
6.	TVS Housing Limited	1 <sup>st</sup> Floor, Greenways Towers, No. 119, St. Marys Road, Abhirampuram, Chennai - 600018	U70101TN2010PLC075027	100% held by SI No.4	2(87)

## Sundaram-Clayton Limited

Sl. No	Name of the Company	Address of the Company	CIN / GLN	% of shares held	Applicable Section of the Companies Act, 2013
7.	TVS Motor Services Limited	29, Haddows Road, Chennai - 600 006	U50404TN2009PLC071075	100% held by SI No. 4	2(87)
8.	TVS Credit Services Limited	"Chaitanya", No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006	U65920TN2008PLC069758	83.95% held by SI. No 4 1.18% held by the Company and 0.60% held by SI. No 7	2(87)
9.	TVS Two Wheeler Mall Private Limited	29, Haddows Road, Chennai - 600 006	U65923TN2017PTC118211	100% held by SI No.8	2(87)
10.	TVS Micro Finance Private Limited		U65929TN2017PTC118238		2(87)
11.	Harita ARC Private Limited		U65999TN2017PTC118296		2(87)
12.	Harita Collection Services Private Ltd		U65100TN2017PTC118290		2(87)
13.	TVS Commodity Financial Solutions Private Ltd		U65929TN2017PTC118316		2(87)
14.	TVS Housing Finance Private Limited		U65999TN2017PTC118512		2(87)
15.	PT. TVS Motor Company Indonesia	3 <sup>rd</sup> Floor, Jalan, H.R. Rasuna Said, Kav. C5, Jakarta 12920, Indonesia	NA	49.70% by SI No. 4; 17.62% by SI No. 16, and 32.68% by SI No. 17	2(87)
16.	TVS Motor Company (Europe) B.V.	Hoogoorddreef 15 1101 BA Amsterdam, Netherlands	NA	100% held by SI No.4	2(87)
17.	TVS Motor (Singapore) Pte. Limited	17, Phillip Street, #05-01, Grand Building, Singapore - 048 695	NA		2(87)
18.	Sundaram-Clayton (USA) Limited, USA	700 Commerce DR STE 500, Oak Brook, IL 60523-8736, Du Page, USA	NA	100%	2(87)
19.	Sundaram Holding USA Inc., USA	2711, Centerville Road, #400, Wilmington, New Castle - 19808, State of Delaware, USA.	NA.	25% held by the Company; and 75% held by SI.No.5	2(87)
20.	Green Hills Land Holding LLC	1703, Laurel Street, Columbia, South Carolina - 29201, USA	NA	100% held by SI. No.19	2(87)
21.	Components Equipment Leasing LLC	USA	NA		2(87)
22.	Sundaram-Clayton (USA) LLC	USA	NA		2(87)
23.	Premier Land Holding LLC	120, Casting Way, Ridgeville, South Carolina - 29472, USA	NA		2(87)
<b>Associate Companies</b>					
24.	Sundram Non-Conventional Energy Systems Limited	98-A, VII Floor, Dr. Radhakrishnan Salai, Mylapore, Chennai - 600 004	U40108TN1994PLC029132	23.53% held by the Company	2(6)
25.	TVS Training and Services Limited	29, Haddows Road, Chennai - 600 006	U74990TN2010PLC075028	30.53% held by the Company	2(6)
26.	Emerald Haven Realty Limited	1 <sup>st</sup> Floor, Greenways Towers, No. 119, St. Marys Road, Abhiramapuram, Chennai - 600 018	U45200TN2010PLC075953	49% held by SI No.4	2(6)
27.	Tagbox Solutions Private Limited	3504/A, 4 <sup>th</sup> Floor, 14 <sup>th</sup> Main Road, HAL 2nd Stage, Indiranagar, Bengaluru - 560038	U72900KA2016PTC097344	23.50% held by SI No.4	2(6)
28.	Tagbox Pte Limited, Singapore	30, Cecil Street, No. 19-08, Prudential Tower, Singapore 049712	NA	24.32% held by SI No.17	2(6)

## Sundaram-Clayton Limited

### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1 <sup>st</sup> April 2019)				No. of Shares held at the end of the year (as on 31 <sup>st</sup> March 2020)				Change in % of shareholding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>Indian</b>									
- Bodies Corporate	1,51,74,060	-	1,51,74,060	75.00	1,51,74,060	-	1,51,74,060	75.00	-
<b>Total Shareholding of Promoter (A)</b>	1,51,74,060	-	1,51,74,060	75.00	1,51,74,060	-	1,51,74,060	75.00	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	25,38,792	-	25,38,792	12.55	24,80,358	-	24,80,358	12.26	(0.29)
b) Banks / Financial Institution	796	-	796	-	1,044		1,044	0.01	0.01
c) Insurance Companies	5,74,208	-	5,74,208	2.84	5,34,035		5,34,035	2.64	(0.20)
d) Foreign Portfolio Investors	1,25,617	-	1,25,617	0.62	1,50,283		1,50,283	0.74	0.12
e) Alternate Investment Funds	-	-	-	-	34,568		34,568	0.17	0.17
<b>Sub-total (B)(1)</b>	32,39,413	-	32,39,413	16.01	32,00,288	-	32,00,288	15.82	(0.19)
<b>2. Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	1,67,731	1,299	1,69,030	0.84	1,60,056	1,299	1,61,355	0.80	(0.04)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	12,26,163	1,38,236	13,64,399	6.74	12,76,749	1,20,874	13,97,623	6.91	0.17
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2,40,701	-	2,40,701	1.19	2,19,801	-	2,19,801	1.08	(0.11)
c) Directors and their relatives	1,162	-	1,162	0.01	1,162	-	1,162	0.01	-
d) Non-Residents Individuals	39,085	83	39,168	0.19	41,615	83	41,698	0.20	0.01
e) Clearing Members	3,567	-	3,567	0.02	9,242	-	9,242	0.05	0.03
f) Trusts	500	-	500	-	-	-	-	-	-
g) LLP	2	-	2	-	26,773	-	26,773	0.13	0.13
h) Foreign National	83	-	83	-	83	-	83	-	-
<b>Sub-total (B)(2):</b>	16,78,994	1,39,618	18,18,612	8.99	17,35,481	1,22,256	18,57,737	9.18	0.19
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	49,18,407	1,39,618	50,58,025	25.00	49,35,769	1,22,256	50,58,025	25.00	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	2,00,92,467	1,39,618	2,02,32,085	100.00	2,01,09,829	1,22,256	2,02,32,085	100.00	-

## Sundaram-Clayton Limited

### ii) Shareholding of Promoters

S. No.	Name of the Promoter	Opening Balance as on (% of the total share capital)	Date of Dealing	Purchase or Sale	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
							No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	T V Sundram Iyengar & Sons Private Limited	38,07,330 (18.82%)	-	-	-	-	-	-	38,07,330	18.82
2	Sundaram Industries Private Limited	60,62,522 (29.96%)	-	-	-	-	-	-	60,62,522	29.96
3	Southern Roadways Private Limited	30,31,127 (14.98%)	-	-	-	-	-	-	30,31,127	14.98
4	Sundaram Finance Holdings Limited	22,73,081 (11.24%)	-	-	-	-	-	-	22,73,081	11.24

iii) There was no change in Promoters' Shareholding during the year 2019-20.

iv) Shareholding Pattern of top ten Shareholders as on 31<sup>st</sup> March 2020 (other than Directors, Promoters and Holders of GDRs and ADRs):

Opening Balance	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>BIRLA SUNLIFE TRUSTEE COMPANY PRIVATE LIMITED</b>								
9,58,307 (4.74%)	17/05/2019	Transfer / Sale	4,571	0.02	9,53,736	4.71		
	17/05/2019	Transfer / Purchase	4,571	0.02	9,58,307	4.74		
	05/07/2019	Transfer / Sale	3,831	0.02	9,54,476	4.72		
	05/07/2019	Transfer / Purchase	3,831	0.02	9,58,307	4.74		
	06/09/2019	Transfer / Sale	2,989	0.01	9,55,318	4.72		
	13/09/2019	Transfer / Purchase	2,989	0.01	9,58,307	4.74		
	04/10/2019	Transfer / Purchase	1,944	0.01	9,60,251	4.75		
	24/01/2020	Transfer / Sale	7,103	0.04	9,53,148	4.71		
	24/01/2020	Transfer / Purchase	7,103	0.04	9,60,251	4.75		
	31/03/2020	Closing Balance						
<b>SUNDARAM MUTUAL FUND</b>								
5,49,746 (2.72%)	31/05/2019	Transfer / Purchase	2,01,804	1.00	7,51,550	3.71		
	31/01/2020	Transfer / Sale	341	-	7,51,209	3.71		
	21/02/2020	Transfer / Sale	161	-	7,51,048	3.71		
	06/03/2020	Transfer / Sale	5,000	0.02	7,46,048	3.69		
	06/03/2020	Transfer / Purchase	2,500	0.01	7,48,548	3.70		
	31/03/2020	Closing Balance						

## Sundaram-Clayton Limited

Opening Balance	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD</b>								
5,62,739 (2.78%)	10/05/2019	Transfer / Sale	369	-	5,62,370	2.78		
	17/05/2019	Transfer / Sale	305	-	5,62,065	2.78		
	24/05/2019	Transfer / Sale	1,001	-	5,61,064	2.77		
	31/05/2019	Transfer / Sale	7,381	0.04	5,53,683	2.74		
	07/06/2019	Transfer / Sale	699	-	5,52,984	2.73		
	14/06/2019	Transfer / Sale	59	-	5,52,925	2.73		
	28/06/2019	Transfer / Sale	1,518	0.01	5,51,407	2.73		
	05/07/2019	Transfer / Sale	12,910	0.06	5,38,497	2.66		
	12/07/2019	Transfer / Sale	55	-	5,38,442	2.66		
	16/07/2019	Transfer / Sale	56	-	5,38,386	2.66		
	16/08/2019	Transfer / Sale	623	-	5,37,763	2.66		
	30/08/2019	Transfer / Sale	14,105	0.07	5,23,658	2.59		
	13/09/2019	Transfer / Purchase	3	-	5,23,661	2.59		
	11/10/2019	Transfer / Sale	158	-	5,23,503	2.59		
	08/11/2019	Transfer / Sale	95	-	5,23,408	2.59		
	15/11/2019	Transfer / Sale	300	-	5,23,108	2.59		
	22/11/2019	Transfer / Sale	71	-	5,23,037	2.59		
	29/11/2019	Transfer / Purchase	139	-	5,23,176	2.59		
	06/12/2019	Transfer / Purchase	982	-	5,24,158	2.59		
	27/12/2019	Transfer / Sale	5,133	0.03	5,19,025	2.57		
	03/01/2020	Transfer / Sale	185	-	5,18,840	2.56		
17/01/2020	Transfer / Sale	1,751	0.01	5,17,089	2.56			
24/01/2020	Transfer / Purchase	58	-	5,17,147	2.56			
31/01/2020	Transfer / Sale	10	-	5,17,137	2.56			
	31/03/2020	Closing Balance					5,17,137	2.56
<b>NIPPON INDIA MUTUAL FUND</b>								
3,47,148 (1.72%)	25/10/2019	Transfer / Purchase	36,000	0.18	3,83,148	1.89		
	31/03/2020	Closing Balance					3,83,148	1.89
<b>SBI MUTUAL FUND</b>								
6,75,034 (3.34%)	31/05/2019	Transfer / Sale	2,25,763	1.12	4,49,271	2.22		
	25/10/2019	Transfer / Sale	72,039	0.36	3,77,232	1.86		
	01/11/2019	Transfer / Sale	49,822	0.25	3,27,410	1.62		
	17/01/2020	Transfer / Sale	16,267	0.08	3,11,143	1.54		
	24/01/2020	Transfer / Sale	1,554	0.01	3,09,589	1.53		
	07/02/2020	Transfer / Sale	10,111	0.05	2,99,478	1.48		
		31/03/2020	Closing Balance					2,99,478
<b>SUNDARAM INDIA MIDCAP FUND</b>								
98,398 (0.49%)	12/07/2019	Transfer / Purchase	12,000	0.06	1,10,398	0.55		
	30/08/2019	Transfer / Purchase	13,500	0.07	1,23,898	0.61		
		31/03/2020	Closing Balance					1,23,898



## Sundaram-Clayton Limited

Opening Balance	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>MANSAN INVESTMENTS PRIVATE LIMITED</b>								
95,596 (0.47%)		No change during the year					95,596	0.47
<b>FRANKLIN TEMPLETON MUTUAL FUND</b>								
Nil	25/10/2019	Transfer / Purchase	34,405	0.17	34,405	0.17		
	08/11/2019	Transfer / Purchase	50,000	0.25	84,405	0.42		
	13/12/2019	Transfer / Sale	42,129	0.21	42,276	0.21		
	13/12/2019	Transfer / Purchase	42,129	0.21	84,405	0.42		
	20/12/2019	Transfer / Sale	42,276	0.21	42,129	0.21		
	20/12/2019	Transfer / Purchase	42,276	0.21	84,405	0.42		
	27/12/2019	Transfer / Purchase	4,119	0.02	88,524	0.44		
	31/03/2020	Closing Balance						
<b>NALINI SEKHSARIA</b>								
58,000 (0.29%)		No change during the year					58,000	0.29
<b>GOVINDLAL M PARIKH</b>								
44,451 (0.22%)	12/07/2019	Transfer / Purchase	373	0.00	44,824	0.22		
	18/03/2020	Transfer / Purchase	2,013	0.01	46,837	0.23		
	31/03/2020	Closing Balance						

v) Shareholding of Directors and Key Managerial Personnel:

Name of the Director / KMP (M/s.)	Opening Balance (% of the total share capital)	Date of Dealing	Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
						No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Venu Srinivasan	Nil	-	-	-	-	-	-	Nil	-
Dr. Lakshmi Venu	Nil	-	-	-	-	-	-	Nil	-
Sudarshan Venu	Nil	-	-	-	-	-	-	Nil	-
Gopal Srinivasan	66	-	-	-	-	-	-	66	-
T K Balaji	Nil	-	-	-	-	-	-	Nil	-
Vice Admiral P J Jacob (Retd.)	Nil	-	-	-	-	-	-	Nil	-
V Subramanian	Nil	-	-	-	-	-	-	Nil	-
S Santhanakrishnan	Nil	-	-	-	-	-	-	Nil	-
R Gopalan	Nil	-	-	-	-	-	-	Nil	-
R Vijayaraghavan	Nil	-	-	-	-	-	-	Nil	-
Kamlesh Gandhi	Nil	-	-	-	-	-	-	Nil	-
Sasikala Varadachari	Nil	-	-	-	-	-	-	Nil	-
Vivek Joshi	Nil	-	-	-	-	-	-	Nil	-
K Gopala Desikan	Nil	-	-	-	-	-	-	Nil	-
R Raja Prakash	Nil	-	-	-	-	-	-	Nil	-

## Sundaram-Clayton Limited

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment.

(₹ in crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>			
i) Principal Amount	550.75	172.94	723.69
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	3.08	0.72	3.80
<b>Total (i + ii + iii)</b>	<b>553.83</b>	<b>173.66</b>	<b>727.49</b>
<b>Change in Indebtedness during the financial year</b>			
- Addition	5.70	-	5.70
- Reduction	-	61.23	61.13
<b>Net Change</b>	<b>5.70</b>	<b>61.23</b>	<b>66.83</b>
<b>Indebtedness at the end of the financial year</b>			
i) Principal Amount	555.84	112.43	668.27
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	3.58	0.10	3.68
<b>Total</b>	<b>559.42</b>	<b>112.53</b>	<b>671.95</b>

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr Venu Srinivasan, CMD	Dr. Lakshmi Venu, JMD	
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	78.94	163.25	242.19
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits <i>in lieu</i> of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as a % of profit	-	73.00	73.00
	- others	-	-	-
5.	Others - Contribution to Provident and other funds	8.67	15.30	23.97
	<b>Total (A)</b>	<b>87.61</b>	<b>251.55</b>	<b>339.16</b>
	Ceiling as per the Act			696.62

CMD - Chairman and Managing Director; JMD - Joint Managing Director.

## Sundaram-Clayton Limited

### B. Remuneration to other directors:

(₹ in lakhs)

Particulars of Remuneration	Name of Directors							Total Amount
	PJJ	VSN	SSK	RG	RV	KG	SVA	
Independent Directors								
- Fee for attending board / committee meetings	1.50	1.00	1.40	1.10	1.10	0.50	0.50	7.10
- Commission	9.00	9.00	9.00	9.00	9.00	7.00	7.00	59.00
- Others	-	-	-	-	-	-	-	-
Total (1)	10.50	10.00	10.40	10.10	10.10	7.50	7.50	66.10
	Name of Directors							
	SV	GS	TKB					
Other Non-Executive Directors								
- Fee for attending board / committee meetings	0.40	0.20	1.00					1.60
-Commission	-	-	-					-
-Others	-	-	-					-
Total (2)	0.40	0.20	1.00					1.60
Total (B) (1) + (2)								67.70
Total Managerial Remuneration (A) + (B)								406.86
Overall Ceiling as per the Act								766.29

PJJ - Vice Admiral P J Jacob (Retd.); VSN - Mr V Subramanian; SSK - Mr S Santhanakrishnan; RG - Mr R Gopalan; RV - Mr R Vijayaraghavan; KG - Mr Kamlesh Gandhi; SVA - Ms Sasikala Varadachari; SV - Mr Sudarshan Venu; GS - Mr Gopal Srinivasan; TKB - Mr T K Balaji.

### C. Remuneration to Key Managerial Personnel other than MD / WTD / Manager

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	CFO*	GS	
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	127.80	-	59.53	187.33
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	16.80	-	8.90	25.70
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
5.	Others - Contribution to Provident and other funds	6.12	-	2.50	8.62
	Total	150.72	-	70.93	221.65

\* Mr K Gopala Desikan, CFO, receives remuneration from one of the subsidiary companies.

### VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: Nil

For and on behalf of the board

Chennai  
29<sup>th</sup> May 2020  
30

VENU SRINIVASAN  
Chairman

## Annexure - IV to Directors' Report to the shareholders

### Particulars of Corporate Social Responsibility activities carried out by the Company in terms of Section 135 of the Companies Act, 2013

1. A brief outline of the Company's CSR policy:  
This policy encompasses the Company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programs for the transformation and sustainable development of the rural communities at large.
2. Overview of projects or programs proposed to be undertaken:  
Focus areas relate to economic development, quality education, health care, conservation of environment and the creation, maintenance of infrastructure, art, culture and protection of places of public and historical importance.
3. Web-link to the CSR policy and projects or programmes is provided in page no. 76 of this Annual Report.
4. Composition of the CSR Committee.

#	Name of the Director (M/s.)	Designation	Status
1.	Venu Srinivasan	Chairman and Managing Director	Chairman
2.	Dr. Lakshmi Venu	Joint Managing Director	Member
3.	Vice Admiral P J Jacob	Independent Director	Member

5. Average net profit of the Company for last three financial years ₹ 61.00 Lakhs
6. Prescribed CSR Expenditure (2% of the amount as in item No. 5 above) ₹ 1.20 Lakhs
7. Details of CSR spent during the financial year
  - (a) Total amount spent for the financial year ₹ 2.00 Lakhs
  - (b) Amount unspent, if any -
  - (c) Manner in which the amount spent during the financial year is detailed below.

1	Name of the Implementing Agency	Srinivasan Services Trust Jayalakshmi Estates, No. 29, Haddows Road, Chennai - 600 006, Tamil Nadu Phone No: 044-2827 2233 E-mail: <a href="mailto:swaran@tvssst.org">swaran@tvssst.org</a>
2	CSR Project or activity identified as mentioned in Schedule VII to the Companies Act, 2013	<ul style="list-style-type: none"> <li>• Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water;</li> <li>• Promotion of Education, including special education and employment enhancing vocation skills especially among children, women and livelihood enhancement projects;</li> <li>• Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups;</li> <li>• ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural</li> </ul>

		resources and maintain quality of soil, air and water; and • rural development projects
3	Sector in which the Project is covered	Economic Development, Education, Environment, Health and Infrastructure
4	Areas in which Projects / Programmes undertaken: Local Area /  State & district :	<ul style="list-style-type: none"> <li>• Hosur, Padavedu, Thirukkurugudi and Navatirupati, in Tamil Nadu</li> <li>• Mysore and Chamrajnagar</li> <li>• Himachal Pradesh</li> <li>- Tamil Nadu : Krishnagiri, Tiruvannamalai, Tirunelveli and Thoothukudi districts</li> <li>- Karnataka: Mysore and Chamrajnagar districts</li> <li>- Himachal Pradesh: Solan district</li> </ul>
	Amount outlay (budget) project or program -wise:	₹ 2100 Lakhs
5	Amount spent on the projects or programmes:	₹ 766 Lakhs
6	<b>Sub-heads:</b>	
	Direct expenses on projects / programs:	₹ 2008 Lakhs (including contribution of Sundaram - Clayton Limited of ₹ 2 Lakhs)
	Overheads:	Nil
7	Cumulative expenditure upto the reporting period:	₹ 2008 Lakhs (including contribution of Sundaram - Clayton Limited of ₹ 2 Lakhs)

8. In case the Company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.  

Not applicable
9. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.  
"To discharge the duties cast under provisions of the Act, members of the CSR Committee visit places where Srinivasan Services Trust is doing service."

For and on behalf of the board of directors

Chennai  
29<sup>th</sup> May 2020

VENU SRINIVASAN  
Chairman and Managing Director and  
Chairman of CSR Committee

**Sundaram-Clayton Limited**

**Annexure - V to Directors' Report to the shareholders**

**COMPARATIVE ANALYSIS OF REMUNERATION PAID TO DIRECTORS AND EMPLOYEES WITH THE COMPANY'S PERFORMANCE**

Sl. No.	Name of the Director (M/s.)	Designation	Ratio to Median Remuneration	% increase / (decrease) in remuneration
1	Venu Srinivasan	CMD	1:18	-
	Dr Lakshmi Venu	JMD	1:53	(60%)
	Sudarshan Venu	NENID	NA	-
	Gopal Srinivasan		NA	
	T K Balaji		NA	
	Vice Admiral P J Jacob (Retd.)	NEID	1:2	(25%)
	V Subramanian		1:2	(25%)
	S Santhanakrishnan		1:2	(25%)
	R Gopalan		1:2	(25%)
	R Vijayaraghavan		1:2	(25%)
	Kamlesh Gandhi		1:1	(22%)
	Sasikala Varadachari		1:1	(22%)
	Vivek S Joshi	CEO <sup>^</sup>	NA	NA
	K Gopala Desikan	CFO <sup>#</sup>		
	R Raja Prakash	CS		
<sup>#</sup> receiving remuneration from subsidiary company <sup>^</sup> appointed effective 23.01.2019 CMD - Chairman and Managing Director                                  CEO - Chief Executive Officer JMD - Joint Managing Director    CFO - Chief Financial Officer NENID- Non Executive Non Independent Director                          CS - Company Secretary NEID - Non Executive Independent Director				
2	The percentage increase in the median remuneration of employees in the financial year; * On account of long term wage settlement entered during the year in Padi Plant (Once in four years)			28% *
3	The number of permanent employees on the rolls of Company;			1917
4	a. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2019-20			9%
	b. Average percentile increase / (decrease) in the managerial remuneration in the financial year 2019-20			(53%)
	There are no exceptional circumstances for increase in the managerial remuneration.			
5	Affirmation that the remuneration is as per the remuneration policy of the Company.			Remuneration paid during the year 2019-20 is as per the Remuneration Policy of the Company

For and on behalf of the Board of Directors

Chennai  
29<sup>th</sup> May 2020

VENU SRINIVASAN  
Chairman



## Sundaram-Clayton Limited

### Annexure - VI to Directors' Report to the shareholders

#### BUSINESS RESPONSIBILITY REPORT

[Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

#### Introduction

The National Guidelines on Responsible Business Conduct (NGRBC) introduced by the Ministry of Corporate Affairs (MCA) in the year 2019 replaced and revised the National Voluntary guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business earlier issued by MCA in the year 2011.

This report conforms to the Business Responsibility Reporting (BRR) requirement of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR) and the NGRBC.

The NGRBC are designed to be used by all businesses, irrespective of their ownership, size, sector, structure or location. The NGRBC also provide a useful framework for guiding companies in their operations, in addition to aligning with applicable national standards and norms governing responsible business conduct.

#### SECTION A: GENERAL DISCLOSURES

1.	Name of the Company	Sundaram-Clayton Limited				
2.	Year of registration	1962				
3.	Corporate Identity Number (CIN) of the Company (if applicable)	L35999TN1962PLC004792				
4.	Corporate address, telephone, email and website	"Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006, Tamil Nadu, India. Tel: 044-28332115 e-mail: <a href="mailto:corpsec@scl.co.in">corpsec@scl.co.in</a> Website: <a href="http://www.sundaram-clayton.com">www.sundaram-clayton.com</a>				
5.	Financial Year reported	2019-20				
6.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Aluminium Castings <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="width: 15%;">NIC Code</th> <th style="width: 85%;">Description</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2930</td> <td>Aluminium alloy cast articles including parts and components.</td> </tr> </tbody> </table>	NIC Code	Description	2930	Aluminium alloy cast articles including parts and components.
NIC Code	Description					
2930	Aluminium alloy cast articles including parts and components.					
7.	List of three key products that the Company manufactures	Machined and sub-assembled aluminium castings for heavy and medium commercial vehicles, passenger cars and two-wheelers (Please refer to Company's website for complete list of products)				
8.	Brands (top five by respective share of market) owned and percentage of revenue contributed	Not Applicable				
<b>Operations:</b>						
9.	Location of plants (in case of manufacturing businesses)	i. Number of National Locations:				
a.	National (Districts and states - top five by employee strength):	A. The Company has four manufacturing locations: <ol style="list-style-type: none"> <li>1. Padi Chennai - 600 050, Tamil Nadu, India</li> <li>2. Mahindra World City Plot No. AA5, VI Avenue, Auto Ancillary SEZ, Mahindra World City, Chengalpattu, Kancheepuram District - 603 004, Tamil Nadu, India</li> </ol>				

## Sundaram-Clayton Limited

		<p>3. Oragadam Plot No.B-14, SIPCOT Industrial Growth Centre, Sriperumbudur Taluk, Kancheepuram District - 602 105, Tamil Nadu, India.</p> <p>4. Hosur Hosur - Thally Road, Belagondapalli, Hosur - 635 114, Tamil Nadu, India.</p> <p>The registered office of the Company is situated at "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006, Tamil Nadu, India</p>
b.	International (Country - top three by employee strength):	<p>ii. Number of International Locations: One (United States of America)</p> <p>The Company, together with its subsidiary viz., Sundaram Auto Components Limited is setting up an overseas manufacturing facility in the United States of America, where commercial production is expected in the year 2021.</p>
10.	Location of major offices (in case of service businesses)	
	a. National (Districts and states - top five by employee strength)	Not applicable
	b. International (Country - top three by employee strength)	Not applicable
<b>Employees:</b>		
11.	Number of permanent employees	1,917
12.	Contractual employees (seasonal, non-seasonal)	353
13.	Temporary employees	1,294
14.	Percentage of women employees	4%
	a. On the Governance Structure	–
	b. In top management i.e. business and function heads;	–
<b>Associate entities:</b>		
15.	Names of subsidiary / associate companies	<p><b>Subsidiaries of Sundaram-Clayton Limited</b></p> <p>1. TVS Motor Company Limited, Chennai 2. Sundaram - Clayton (USA) Limited, USA</p> <p><b>Subsidiaries of TVS Motor Company Limited</b></p> <p>3. Sundaram Auto Components Limited, Chennai 4. TVS Housing Limited, Chennai 5. TVS Motor Services Limited, Chennai 6. TVS Credit Services Limited, Chennai 7. TVS Two-wheeler Mall Private Limited, Chennai 8. TVS Micro Finance Private Limited, Chennai 9. Harita ARC Private Limited, Chennai 10. Harita Collection Services Private Limited, Chennai 11. TVS Commodity Financial Solutions Private Limited, Chennai 12. TVS Housing Finance Private Limited, Chennai 13. TVS Motor Company (Europe) B.V., Amsterdam 14. TVS Motor (Singapore) Pte. Limited, Singapore 15. PT TVS Motor Company Indonesia, Jakarta 16. Sundaram Holding USA Inc, Delaware, USA</p>

## Sundaram-Clayton Limited

15.	Names of subsidiary / associate companies ( <i>continued</i> )	<p><b>Subsidiaries of Sundaram Holding USA Inc</b></p> <p>17. Green Hills Land Holding LLC, South Carolina, USA  18. Components Equipment Leasing LLC, South Carolina, USA  19. Sundaram - Clayton (USA) LLC, South Carolina, USA  20. Premier Land Holding LLC, South Carolina, USA</p> <p><b>Associates of Sundaram - Clayton Limited</b></p> <p>21. Emerald Haven Realty Limited, Chennai  22. Sundram Non-Conventional Energy Systems Limited, Chennai  23. TVS Training and Services Limited, Chennai</p> <p><b>Associates of TVS Motor Company Limited</b></p> <p>24. Ultraviolette Automotive Private Limited, Bengaluru  25. Tagbox Solutions Pvt Ltd, Bengaluru</p> <p><b>Associates of TVS Motor (Singapore) Pte Ltd</b></p> <p>26. Tagbox Pte Ltd, Singapore  27. Predictronics Corp, USA</p> <p><b>Subsidiaries of Emerald Haven Realty Limited</b></p> <p>28. Emerald Haven Projects Pvt Ltd, Chennai  29. Happiness Harmony Property Developers Pvt Ltd, Chennai  30. Emerald Haven Property Development Ltd, Chennai  31. Emerald Haven Development Ltd, Chennai  32. Emerald Haven Life Spaces (Radial Road) Ltd, Chennai  33. Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd, Chennai  34. Emerald Haven Town &amp; Country Pvt Ltd, Chennai  35. Emerald Haven Towers Ltd, Chennai</p>
16.	<p>Details of Trust/Society/Section 8 company to further its CSR agenda:</p> <p>a. Name;</p> <p>b. Organization form (Trust, Society, Company) and year of establishment;</p> <p>c. Main objects / purpose;</p> <p>d. Amounts and sources of funds received in the reporting year;</p>	<p>Srinivasan Services Trust</p> <p>Trust, Established in 1996</p> <p>Main objects:</p> <p>i. Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water;</p> <p>ii. Promotion of education, including special education and employment, enhancing vocation skills especially among children, women and livelihood enhancement projects;</p> <p>iii. Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups;</p> <p>iv. Ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water;</p> <p>v. Rural development projects</p> <p>vi. Health care activities</p> <p>Donations received from various entities.</p>
17.	Contact details of Nodal Officer for this report (name, designation, email id, phone number).	<p>Mr R Raja Prakash  Company Secretary &amp; Nodal Officer  <a href="mailto:rrp@scl.co.in">rrp@scl.co.in</a>  044-28332115</p>

## Sundaram-Clayton Limited

### SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the Principles and Core Elements.

- P1 Businesses should conduct and govern themselves with integrity, and in a manner ethical, transparent and accountable.
- P2 Businesses should provide goods and services in a manner that is sustainable and safe.
- P3 Businesses should respect and promote the well-being of all employees, including those in their value chains.
- P4 Businesses should respect the interests of, and be responsive to all its stakeholders.
- P5 Businesses should respect and promote human rights.
- P6 Businesses should respect and make efforts to protect and restore the environment.
- P7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
- P8 Businesses should promote inclusive growth and equitable development.
- P9 Businesses should engage with and provide value to their customers in a responsible manner.

S. No.	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and management processes</b>										
1.	Names of the policy / policies that covers each Principle	The Company has in place the following policies in line with the NGRBC: 1. Code of Business Conduct and Ethics 2. Whistle Blower 3. Related Party Transaction 4. Corporate Social Responsibility 5. Code of fair disclosure of material information 6. Code of conduct to regulate, monitor and report trading by insiders 7. Quality and Environment, Health & Safety policies relating to safe and sustainable products								
2.	Core Elements related to the Principle that the policy/ policies cover	All the core elements as stated in the policies								
3.	Policy/ policies relating to each principle that has been translated into guidelines and procedures	Y	Y	Y	Y	Y	Y	-	Y	Y
4.	Extent to which manpower, planning and financial resources have been allocated for the implementation of the policy/ policies relating to each Principle.	Y	Y	Y	Y	Y	Y	-	Y	Y
5.	National and International codes and standards adopted mapped to various Principles	Y	Y	Y	Y	Y	Y (ISO 14001 and OSHAS 18001)	-	Y	Y
		All the policies of the Company are in compliance with the national / international standards wherever applicable								

## Sundaram-Clayton Limited

S. No.	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Governance, leadership and oversight</b>										
6.	Names of the above policies that have been approved by the Board/top management	<p>The following policies/ codes have been approved by the board:</p> <ol style="list-style-type: none"> <li>1. Code of Business Conduct and Ethics</li> <li>2. Whistle Blower</li> <li>3. Related Party Transaction</li> <li>4. Corporate Social Responsibility</li> <li>5. Code of fair disclosure of material information</li> <li>6. Code of conduct to regulate, monitor and report trading by insiders</li> </ol> <p>Other operational / internal policies are approved by the management.</p>								
7.	Name of the specified committee(s) of the Board / Director / Officer and processes to oversee the implementation of the policy/ policies	<p>Audit committee and Board oversees the implementation of various policies / Codes as required under the legal framework in force from time to time.</p> <p>CSR committee oversees the implementation of CSR activities by the Company.</p> <p>All the policies and their implementation are being reviewed at regular intervals by the board.</p> <p>The implementation and adherence to the code of conduct for employees is administered by the Human Resources Department.</p> <p>The Environmental, Health and Safety (EHS) policy is overseen by Personnel department.</p>								
8.	The process for board/ top management to review performance against the above policies and incorporating inputs	<p>The implementation of the Company's Code of Conduct and other policies are reviewed through internal audit function. The Quality, Safety &amp; Health and Environmental policies are subject to internal and external audits as part of certification process and continuous assessments.</p>								
9.	Process for board/ top management to review compliance with statutory requirements of relevance to the Principles and rectify any non-compliances	<p>All policies adopted by the Company for ensuring the orderly and efficient conduct of business including adherence to Company's policies have been evaluated annually by an independent external agency as part of internal financial control requirement.</p> <p>The report on Company's conduct of its businesses is presented to the Board for its review and further improvement of its standards.</p>								
10.	Frequency of the reviews of the business's alignment with the Principles and Core Elements conducted by the board / top management	<p>The board on a continuous basis reviews the business' alignment with the principles and core elements.</p>								



## Sundaram-Clayton Limited

S. No.	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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### Stakeholder Engagement

11.	Description of the process to identify your business's key stakeholders	<p>The Company is aware of the fact that not all stakeholders have a direct business engagement with it.</p> <p>However, the Company has identified eight stakeholder groups:</p> <ol style="list-style-type: none"> <li>1. Investors</li> <li>2. Employees</li> <li>3. Customers</li> <li>4. Suppliers</li> <li>5. Government</li> <li>6. Regulatory Authorities</li> <li>7. Trade Union</li> <li>8. Local Community</li> </ol>								
12.	Description of the process to engage with your stakeholders on the Principles	<p>The Company continuously expands its proactive engagement with the stakeholder groups. The Company also recognizes that stakeholder engagement is an integral part of partnership building and aims to institutionalize a structured approach through a formal process in the future.</p>								
13.	Description of the processes to identify groups that are vulnerable and marginalized stakeholders.	<p>The Company identifies marginalized and disadvantaged groups through need assessment in all the villages where it works by engaging with the local communities.</p>								
14.	Description of the processes to identify issues related to inclusion and impact of adopting the Principles on vulnerable and marginalized stakeholders	<p>The Company continuously strives to achieve total inclusiveness by encouraging people from all sections of the community irrespective of caste, creed or religion to benefit from its CSR initiatives which would also be focused around communities that reside in the proximity of the Company's various manufacturing locations in the country.</p>								

### Communication

15.	Description of process to communicate to stakeholders, the impact of your policies, procedures, decisions and performance that impact them.	<p>The Company proactively engages with stakeholders formally and informally to:</p> <p>Share information, discuss the Company's sustainability priorities, programs and performance, and determine opportunities to collaborate towards common goals.</p>								
16.	Description of how the business communicates the results of stakeholder engagement in the public domain	<p>The Company communicates the performance against the Guidelines to the stakeholders through its website, stakeholder interactions, BRR and Annual Report.</p>								
17.	Description of the process of communicating performance against these Guidelines to relevant stakeholders	<p>The Company believes in listening to the viewpoints of its stakeholders and addressing them on priority.</p> <p>The Company values the inputs received from the engagement process and these engagements help to identify material aspects.</p> <p>The progress on the material aspects are communicated in Annual Report, BRR and on websites at periodic intervals.</p>								
18.	Note on how disclosures and reporting helped in improving business performance / strategy	<p>Such measures help the Company to identify stakeholder expectations and to design its sustainability strategy to balance the different stakeholder needs and expectations.</p>								

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If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles	-	-	-	-	-	-	-	-	-
The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
It is planned to be done within next 12 months	-	-	-	-	-	-	-	-	-
Any other reason (please specify)	P7 - the Company through the various industrial forums endeavors to promote growth and technological process, economic reforms, inclusive development policies and sustainable business principles. Therefore, there is no need for such policy.								

### **PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER ETHICAL, TRANSPARENT AND ACCOUNTABLE.**

#### **Essential Indicators:**

- 1. Month /year of last review by Governance Structure / top management of performance of the business across the Principles and Core Elements of the Guidelines:**  
Company's current and future organization structure of senior level employees is reviewed by the Nomination and Remuneration Committee at periodic intervals.
- 2. Percentage Coverage of leadership team by awareness programmes on the Guidelines:**
  - a. In reporting year** : 100 % of the functional heads are covered by awareness programmes on the Guidelines at all times.
  - b. Total to date** : 100 %
- 3. Percentage of suppliers and distributors (by value), in the year:**
  - a. Covered by awareness programmes for the Guidelines** - 100 % of the suppliers
  - b. Had responsible / sustainable business policies in place?** - 100 %
- 4. Number of meetings / dialogues with minority shareholders that were organized in the year:**  
Nil
- 5. Number of complaints received on any aspect of the NGRBC in the year from:**
  - a. Shareholders / investors** - Nil
  - b. Lenders** - Nil
- 6. Number of the above complaints pending resolution at close of year:**  
Not Applicable
- 7. Value of non-disputed fines/ penalties imposed on your business by regulatory and judicial institutions in the year?**  
Nil

8. **Number of complaints/ cases of corruption and conflicts of interest that were registered in the year?**  
Nil
9. **Details of unmet obligations (fiscal, social, etc.) arising out of any benefits or concessions provided by the central, state, or local governments:**  
Nil

**Leadership Indicators:**

1. **Percentage coverage of all employees by awareness programmes for the Guidelines:**
- a. **In reporting year** - 100 % of the functional heads
  - b. **Total to date** - 100%
- The reporting under the guidelines are ensured by the functional heads and the awareness programme for the guidelines was conducted to the said functional heads.
2. **Percentage of suppliers and distributors (by value) covered by social and environmental audits:**
- a. **In reporting year** - Nil
  - b. **Total to date** - Nil
3. **Was report on responsible business conduct made, in the year:**
- a. **As per mandatory / global reporting frameworks** - The Company follows Global Reporting Standards (GRI).
  - b. **Available in the public domain** - Internal Report on the said standards is generally prepared for reporting to management. The said report is not available in public domain.
  - c. **Assured by a third party** - Internal Report is being prepared and assurance on such report will be obtained thereafter.
4. **Details of non-disputed fines/ penalties imposed on your business by regulatory and judicial institutions in the year available in public domain:**  
Nil
5. **Provide examples (up to three) of corrective action taken on the above fines/penalties imposed.**  
Not Applicable.
6. **Provide examples (up to three) of corrective action taken on the complaints / cases of corruption and conflicts of interest to prevent recurrence.**  
Not Applicable

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**PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE**

**Essential Indicators:**

1. **List top three goods /services (revenue in the year) which incorporate environmental and social concerns, risks, and/or opportunities in their design.**

The Company has installed roof top solar panels to a capacity of 2.2 MW across its Chennai and Hosur plants, capable of producing 33 lakh units per annum. The Company has introduced reclamation of sand used in making sand cores for die cast parts.

The Company is also working to reduce the amount of die spray (release agent) on its pressure die cast dies. This will have a positive impact on fumes produced during evaporation, and also consumption of water used in diluting the liquid spray.

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The Company is also enabling development of high efficiency turbochargers with its customers. SCL is developing process technologies that will improve the surface finish of turbocharger parts. This in turn improves the fuel efficiency, and reduces emissions from automobiles.

**2. Details of investments in specific technologies to improve the environmental and social impacts (top three by value):**

The Company is developing process technologies that will improve the surface finish of turbocharger parts and improve its efficiency. This in turn improves the fuel efficiency and reduces emissions from automobiles

The Company is also investing in green energy through installations on solar power and reducing its dependence on conventional forms of energy.

**3. Percentage of input material and services (by value), in the year, sourced from suppliers adhering to internal or external sustainability standards / codes / policies / labels:**

100 %

**4. Percentage of total raw material consumed in the year (by value) that consisted of material that was recycled or reused) ( a.<5% ; b. between 5%& 25%, c. > 25%):**

The material processed by the Company - i.e Aluminum based alloys is 100% recyclable.

Presently rejected aluminum castings (10% of production) are re-melted inside the factory.

Aluminum swarf is sold to external agencies for recycling. Sand (2500 tonnes / year) used for making cores is recycled.

Hazardous waste materials generated by the Company during aluminium casting production are given to authorised vendors either for disposal or recycling.

**5. Describe the process in place to safely collect, reuse, recycle and dispose of your products at end-of- life:**

The Company do not have a process to collect, reuse, recycle and dispose the aluminium castings after supply to customers. However, this process is done by various OEMs or third parties to recover and reuse aluminium. Infact the major raw material used is ADC12 that is primarily generated from aluminium scrap which is converted into castings by the Company.

**Leadership Indicators:**

**1. For goods and services that incorporated environmental and social concerns, give details of:**

**a. Resource use (energy, water, raw material) per unit produced in the year:**

**Resource use per unit produced in the year:**

- The Company takes up internal projects to reduce energy consumption per ton of aluminum castings produced.
- The Company is also pursuing the TPM process across its plants to reduce waste.

**b. Reduction in resource use covering sourcing, production, and distribution in the year:**

**Reduction in resource use: Sourcing**

- The Company works continuously with its vendors to use returnable packaging modes (trolleys and plastic bins) to reduce usage of non-recyclable packaging wherever possible.
- The Company also strives to ensure a considerable vendor count for specific commodities in its surrounding areas in order to reduce material movement.
- The Company takes initiative every year to select a group of suppliers who are trained for quality up-gradation in their plant. Both in-house and outside faculty is employed to develop suppliers by training.

**c. Sustainability standards/ codes/ labels adhered to:**

Following Sustainability Standards / codes / labels adhered:

The Company is a supplier of parts as per customers' drawings and specifications and therefore adheres to customer specific requirements as stated in their manuals.

In addition the Company also comply with following:

- Operational : TS16949:2016
- Environmental : ISO14001:2015 and OHSAS18001:2015
- Internal standards for gender equality, human rights and labour standards

**d. Product life cycle assessment completed**

Not applicable

**2. Information on the impacts of your products across the value chain communicated to:**

**a. To which stakeholder groups?**

Investors, employees, customers, suppliers, the government, regulatory authorities, trade unions and local community.

**b. By which channels for each group?**

The Company follows a system of timely feedback and response through formal and informal channels of communication to ensure that the stakeholder information remains current and updated.

**c. At what frequency?**

Annually, Quarterly, Monthly and need based.

**3. Provide examples (up to three) on how the feedback received from stakeholders is used for improvements:**

The Company has strong team which gathers information through market survey, customer research, etc. It has developed its own methodology for this purpose. We incorporate these inputs to improve the Company's processes and systems on a continuous basis.

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**PRINCIPLE 3: BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS.**

**Essential Indicators**

**1. Complaints received on cases arising out of discrimination and Number of complaints received in the year :**

The Company follows clear code of conduct and the same is communicated to every employee.

It clearly states that the Company is an equal opportunity employer and prohibit any kind of discrimination/ favouritism on the basis of gender / region / religion / race / caste / colour any abide by laws of the country.

During 2019-20 the Company has not received any complaints relating to discrimination.

**2. Number of the above complaints pending resolution at end of the year:**

Not applicable since during the year 2019-20, the Company has not received any complaints relating to discrimination.

**3. Percentage of permanent employees who are members of the employee association(s) recognized by the management:**

100% of permanent employees in the workers grade are members of internal Employees Union that is affiliated to INTUC.

**4. Percentage of your establishments / value chain that has been audited in the year for - a. Child labour; b. Forced / involuntary labour:**

As a part of Internal audit, this particular aspect is scheduled and covered during the audit process. Audits are conducted in all locations of the Company.

**5. Number of cases of child labour in your establishments / value chains identified to date - a. Resolved; b. Pending resolution:**

There are no cases of child labour.



- 6. Number of cases of forced / involuntary labour identified to date - a. Resolved; b. Pending resolution :**  
No cases reported.
- 7. Percentage of your employees that were paid above the legal minimum wage in the last year:**  
100%. Majority of employees are above the legal minimum wage limit as agreed through long-term wage settlements for the Company's Workforce and market/industry benchmark for Executives and Managers.  
Stipends for trainees are fixed above legal minimum wage limit through attracting talent from campus/market.
- 8. Ratio of the highest salary paid to the lowest salary paid amongst your permanent employees:**  
Refer Annexure V to the Directors Report for the year 2019-20.
- 9. Number of cases of delay in payment of wages during the year - a. Resolved; b. Pending resolution:**  
NIL. Wages for employees are paid on or before last working day of the month. Stipend for trainees is paid on or before 7<sup>th</sup> day of every month.  
Wages for contract workforce is ensured to be paid through Service providers on or before 7<sup>th</sup> day of every month.
- 10. Number of complaints related to harassment to date - a. Resolved; b. Pending resolution:**  
The Internal Committee (IC) meets regularly towards reviewing issues raised and solved on harassment. It also submits its annual report as stipulated by the POSH Rules.  
The Company has not received any complaints relating to harassment till date.
- 11. Percentage of employees (all categories) trained on health and safety issues and measures - a. In the year; b. Total to date:**  
100% of new recruits in all categories including Workforce, Executives and Managers undergo health and safety orientation before being deployed.  
100% of contract workforce is also provided health and safety orientation periodically.  
In addition, regular and scheduled role-based, process-based health and safety programmes are conducted for employees.  
As a special drive, employees and their families were trained on road safety awareness.
- 12. Percentage of employees provided training and skill upgradation - a. In the year; b. Total to date:**  
The Company focuses on skill development of its workforce through regular training. The management ensures continuous skill upgradation and competency development of employees through its structured training and competency development programs.  
TVS Institute for Quality and Leadership, a Globally Certified Corporate University has been established to provide powerful learning solutions and an environment to evolve people, culture, strategy, processes and eco-system towards sustained global leadership of the Company and its group companies.

**Leadership Indicators:**

- 1. Categories of employees (list up to three) supported by affirmative action, and has there been any change from the previous year:**  
Workforce, Executives and Managers are the three categories of employees.  
Continuous efforts are made towards affirmative actions as and when opportunities arise for recruitment / engagement of Workforce, Executive and Managers.
- 2. Percentage of non-permanent employees that are linked to any standing platform / association:**  
For 100% of non-permanent employees, the Company has different platforms as mentioned below:
- a. Trainees/Temporary workforce - Contact programmes are scheduled and conducted periodically to feel the pulse on Things Going Right (TGR) and take action on Things Going Wrong (TGW).
  - b. Contract workforce - Contact programme is leveraged to obtain feedback and take correction if any.

**3. Percentage of children identified as employed in your establishments / value chain that have been remediated - a. In reporting year; b. Total to date :**

No cases of child labour.

As a system lock, hiring process allows only adults aged 18 years and above.

As a part of daily management, entry into the premises is restricted only for persons 18 years and above.

With all our Supplier and Service provider, this requirement is one of the clauses in all our Business agreements mentioned and enforced.

**4. Percentage of forced / involuntary labour identified in your establishments / supply remediated - a. In reporting year; b. Total to date:**

NIL.

**5. Examples of steps taken (up to three) to prevent adverse consequences to the complainant in the case of harassment cases:**

As mentioned in Code of Conduct, all complaints, enquiries and investigations are treated with confidentiality and the protection to whistle blower is also assured.

Needless to mention, any attempts to intimidate the whistle blower is also treated as violation of Code of Conduct and communicated to all employees.

Information revealed by the committee is strictly on a need to know basis. The process followed is with Principles of Natural Justice, maintaining anonymity of the employee.

**6. Percentage of supply chain partners (by value) that were assessed for adherence to health and safety practices:**

100% of the suppliers and service providers.

**7. Describe the work-life balance issues (up to three) that were brought up by employees:**

Work-life balance is a concern for Executives and Managers due to long working hours during critical times / project deadlines.

Difficulty faced by women employees to manage children in cases where both parents are working.

**8. Examples (up to three) of identified work-life balance topics that have been implemented:**

The Company conducts various programs concerning wellbeing and work-life balance of employees.

Focussed programs are also conducted for effective time management. For first line supervisors policy for crediting extra working hours as C-off that can be availed later implemented.

Focused programs are also conducted keeping in view the welfare of women employees. In-house crèche and day care facilities started for children of all employees.

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**PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS**

**Essential Indicators:**

**1. List stakeholder groups that have been identified as key to your business:**

Customers, Dealers, Employees, Policy Makers, Government, Regulatory bodies, Shareholders, Investors, Suppliers, Trade Union, Media and Local Community.

**2. Positions / departments / functions responsible for engagement with each stakeholder category identified above?**

Internal stakeholders: Corporate, President & CEO, Business planning, Marketing, Quality, Operations, Purchase, HR, Personnel, Finance

External stakeholders: Corporate, President & CEO, Business planning, Finance, HR, Personnel.

**3. Number of stakeholder groups that were formally engaged on environment and social issues in the last year:**

All stakeholder groups were formally engaged on environment and social issues.

**4. Percentage of input material and services (by value), in the year, that were procured from local and small vendors / producers:**

54.7% of the input is sourced from local vendors (within India)

**Leadership Indicators:**

**1. Frequency of engagement with each stakeholder group:**

Daily, Weekly, Monthly, Quarterly, Yearly- Based on the needs and Key Performance Indicators (KPI) review schedules.

**2. Examples (up to three) of how the business has incorporated inputs from stakeholders:**

As explained in Principle No.2, Leadership Indicator, Question No.3.

**3. List of the vulnerable and marginalized groups in each stakeholder group :**

Yes, the Company has identified marginalized and disadvantaged groups through need assessment in all the villages where it works by engaging with the local communities.

Such marginalized and disadvantaged communities include villages and economically deprived children and women who are in great need of care and protection.

**4. Examples of decisions and actions taken by the business to address the interests of vulnerable/marginalized groups :**

The Company goes beyond its business activities to create social impact through its diverse initiatives and works towards improving lives of India's marginalized and vulnerable communities.

The Company has taken up initiatives under CSR focusing on key areas of Economic Development, Health, Education, Infrastructure, Environment and Social & Cultural Development.

The Company continuously strives to achieve total inclusiveness by encouraging people from all sections of the community irrespective of caste, creed or religion to benefit from its CSR initiatives which would also be focused around communities that reside in the proximity of the Company's various manufacturing locations in the country.

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**PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS**

**Essential Indicators:**

**1. Percentage of employees that have been provided training on human rights issues - a. In the year; b. Total to date:**

The Company does not have a stated Human Rights Policy.

The Company has put in place a Code of Conduct, which is applicable to all the employees to adhere and uphold the standards contained therein.

**2. Employee categories that are covered by the human rights policies of the business - Permanent / Contract / Casual**

All categories of employees viz., Permanent / Contract & Casual are covered by the Code of Conduct.

**3. Number of business agreements and contracts with third party partners that were reviewed in the year, to avoid complicity with adverse human rights impact in the previous year:**

100% of business agreements are reviewed to ensure code of conduct is adhered with.

**4. Stakeholders groups governed by the grievance committee for human rights issues:**

The whistle blower mechanism provides employees to report any concerns or grievances pertaining to any potential or actual violation of the Company's Code of Conduct, which covers all aspects of BRR.

Each of the policies formulated by the Company has an in-built grievance and redressal mechanism.

**5. Number of stakeholders that reported human rights related grievances and/or complaints - a. Received in the year; b. Pending resolution:**

Nil

**Leadership Indicators:**

**1. Percentage of contractual employees and value chain partners that have been made aware / provided training on human rights issues - a. In the year; b. Total to date:**

Contract workforce are engaged through professional service providers.

Contract agreements contain compliance to all statutory labour laws including POSH.

**2. External stakeholder groups and representatives that are covered by the human rights policies of the business:**

All contract agreement with stakeholders have clauses pertaining to Industrial & labour laws compliance.

The Company does not have a stated Human Rights Policy.

**3. Stakeholder groups that have been made aware of the grievance mechanisms for human rights issues - a. During the year; b. Total to date:**

100% of stakeholders have been made aware of the grievance mechanism for any issues with clear redressal process.

In addition, following programmes enable picking up early warning signals and taking action closer to the source of occurrence.

- Employee Contact Program
- Employee Address
- Open Door Policy
- Plant Committee Meeting
- Workers participation through various committees which meet periodically
- Need based meetings with Union

**4. List (up to three) corrective actions taken to eliminate complicity with adverse human rights impact in the last year.**

Nil

**5. Provide (up to two) examples of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.**

Not Applicable.

**6. Provide details of the scope and coverage of any human rights due-diligence conducted during the year.**

Nil

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**PRINCIPLE 6: BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT.**

**Essential Indicators**

**1. Material risks of potential or actual adverse impact upon the environment and communities by the business:**

The Company is ISO 14001 and OHSAS 18001 certified. The Company has an environmental policy that applies to the Company only.

The Company's environmental policy focuses on eco friendliness, conservation of resources, water management and prevention of pollution.

Green initiatives include:

- Green belt coverage in all manufacturing plants
- Implementation of gas fired melting furnaces
- Usage of solar power
- Sand recycling and reuse
- Zero discharge effluent treatment plants

**a. Identified in the year:**

NIL

**b. Mitigation and adaptation measures put in place for the above environmental risks:**

Not applicable

**2. Good practices (up to three) in reduction, recycling, and reuse initiatives that contributed to lowering the adverse environmental footprint of your business activities:**

Refer Principle 6 - Essential Indicators - Point no. 1

**3. Examples of any collective action by your business with other businesses / NGOs / government agencies / international partners / development institutions undertaken to address any of the environmental risks opportunities identified above:**

- Identified employees were sent to attend sustainability programs conducted externally.
- The Company will be working to identify actions and timelines for implementing them for sustainability.

**4. Details of any adverse orders in respect of any show cause / legal notices from CPCB/ NGT/ SPCB received during the year:**

Nil

**Leadership Indicators:**

**1. Information on environmental impact assessments undertaken in the year:**

- a. Have the results been communicated in the public domain.**
- b. Provide details of any actions taken to mitigate any negative social impacts.**

Necessity for Environment impact assessment did not arise.

**2. Risk management strategies and measures for each material environmental risk identified for the business:**

**a. Details of measures:**

Risk Management Strategies:

The Company is certified under ISO 14001: 2004 standard and has laid down procedure for risk identification, assessment and mitigation.

**Risk Identification and Assessment**

The identification of risks and opportunities is through a process across all manufacturing and supporting functions. The input for identification of Risks and opportunities are:

- Significant aspects due to emergency conditions, legal requirements and interested party concern.
- Internal and external issues.
- Environmental conditions.
- Needs and expectations of interested parties.

**Risk Mitigation and Monitoring**

The severity of any particular risk is assessed along with the concerned departments qualitatively and the risk mitigation measures like adopting best available technology, implementation of objectives, improvement of compliance management process, adopting effective engineering controls etc., are proposed and implemented.



**b. Targets and achievement values:**

To be decided after identifying the action plans.

**3. Details of your specific contribution to India's Nationally determined Contributions (submitted at UNFCCC COP21 in 2015):**

The Company has taken actions to continuously work on improving energy efficiency and increasing usage of renewable energy. Currently 22% of energy consumed is from renewable sources.

**4. New businesses - products - services created to address the material environmental risks identified:**

The Company has developed a patented process that can be introduced in products made that will improve fuel efficiency and reduce emissions in automobiles.

**a. Information on businesses created:**

The Company is discussing with various customers to introduce in the market.

**b. Percentage of revenue contributed by these:**

Revenue yet to be realized.

**5. Details of good practices cited in reduction, recycling, and reuse initiatives benchmarked against industry best practice:**

The Company has adopted 3R principle of Reduce, Reuse & Recycle towards consumables like cutting tools, coolants, lubricants, etc and their usage across its plants.

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**PRINCIPLE 7: BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT**

**Essential Indicators:**

**1. Review public policy advocacy positions by the governance structure for consistency with Principles of these Guidelines a. Frequency; b. Month/year of last review:**

The Company works closely with leading Industry Associations and Chambers of Commerce at International, National, State and Local levels to advocate and pursue various causes that are in the larger interests of industry, economy, society and the public.

From time-to-time these have been in areas such as economic reforms, corporate governance and transparency, affirmative action, education and skill development, women empowerment.

**2. Names of trade and industry chambers and associations that you are a member/affiliate of:**

The Company is member of :

- Confederation of Indian Industry (CII);
- Federation of Indian Chamber of Commerce and Industry (FICCI);
- Madras Chamber of Commerce, Industry;
- Automobile Component Manufacturers Association (ACMA).

**3. Details of any adverse orders received from regulatory authorities for anti-competitive conduct by your business:**

Nil

**4. Monetary contributions (if any) that have been made to political parties:**

Nil

**Leadership Indicators:**

**1. The public policy positions available in the public domain:**

The Company, through various industry associations, participates in advocating matters relating to advancement of the industry and public good.

The Company works closely with leading Industry Associations and Chambers of Commerce at International National, State and Local levels to advocate and pursue various causes that are in larger interests of industry, economy, society and the public. From time-to-time these have been in areas such as economic reforms, corporate governance and transparency, affirmative action, education and skill development, women empowerment.

**2. Examples (up to three) of any policy changes in the past year as a result of your advocacy efforts:**

The Company has a separate wing Srinivasan Services Trust (SST), which

- a) Works with Government education departments and local panchayats to improve education;
- b) Introduces new income generation activities, increase in agriculture and better Livestock management;
- c) Coordinates between local bodies, government and community to maintain a clean environment;
- d) Provides easy access to Primary Healthcare and adoption of proper sanitation, hygiene and nutrition;
- e) Supports government bodies in developing infrastructure such as roads, drinking water facilities and more; and
- f) Women empowerment through supporting self-help groups (SHGs) involved in income generation activities to market their products.

**3. Details of corrective action for anti-competitive conduct, taken by the business based on adverse orders from regulatory authorities:**

Not Applicable.

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**PRINCIPLE 8: BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT.**

**Essential Indicators**

**1. Social impact assessments of your business operations conducted:**

**a. Number completed in the year?**

The Company carries out its welfare and CSR activities through Srinivasan Services Trust (SST), the CSR arm of the Company and also through other implementing agencies.

SST's intervention under CSR are mainly confined to individual and household level, the measure on the impact are regularly made at village level internally through few indicators such as:

- Increase in community involvement on SST initiatives in villages as equal partner in the process of change.
- Increase in the delivery of existing government schemes and programs in villages which enable a win-win situation for people and government officials.
- Increase in the level of ownership by community towards sustainability of development created in villages through community based organizations.

**b. Number conducted by an independent external agency.**

No social impact assessment was done by external agencies in this year.

Development of Social impact assessment matrix by an external agency is under progress in SST.

**2. Examples of products, technologies, processes or programmes (up to three) that contribute to the benefit of the vulnerable and marginalized sections of society:**

- Facilitating formation of Self Help Groups (SHG) among rural women.
- Facilitating SHGs to avail credit facilities from banks.
- Enabling farmers to utilize the benefit of Agriculture schemes announced by the Government.

- Undertaking infrastructure repair works for balwadis, school, health centre, water supply and water storage structures.
  - Conducting adult literacy programs among village women folk.
  - Encouraging farmers to adopt good agricultural practices for increasing yield.
- 3. With respect to projects during the year for which Re-settlement and Re-habilitation (R&R) is applicable - a. Number of persons that were affected / displaced by these projects ; b Gross amount paid out to project-affected and displaced persons:**
- Not applicable.
- 4. Details of investments (top three by value) in regions which are underdeveloped:**
- To implement the CSR activities the working areas are categorised into clusters based on geographical division. The top three invested clusters during this year includes:
- |                              |                  |
|------------------------------|------------------|
| 1. Thirukurugudi, Tamil Nadu | : ₹ 151.85 lakhs |
| 2. Hosur, Tamil Nadu         | : ₹ 117.58 lakhs |
| 3. Padavedu, Tamil Nadu      | : ₹ 94.10 lakhs  |
- 5. Examples of goods and services (up to three) that incorporate local traditional knowledge:**
- The resource and skills available with the Company and employees are transformed to community for making better quality produce such as:
- Systematic way of honey collection without disturbing the bees and honey combs.
  - Concerting waste banana bark into value added product.
  - Concerting palm leaf into handicraft product.
  - Making of eco-friendly bags from jute.
- Similarly the products produced by the community on good quality and enhanced quantity are utilized by Company in canteens and by employees.
- 6. Summary of the key themes covered by CSR initiatives (as per Section 135 of Companies Act 2013) or linked to the CSR Policy of the business:**
- The Company CSR initiatives towards developing a conduit between the government and local communities, enabling people to access various government schemes and benefits.
  - The attempt is to make people independent and drivers of change themselves. The idea is to eventually convert individual beneficiaries into community leaders, who in turn motivate and guide others to bring about social and economic transformation of communities.
  - Development of rural communities requires a holistic approach where different aspects in an individual's life need to be addressed.
  - The economic well-being, education, social empowerment, health of the community and clean environment are all interrelated. Improvement of any one parameter often results in a commensurate improvement in others.

### Leadership Indicators:

**1. With respect to these social impact assessments:**

**a. Results made available in the public domain:**

The results of social impact assessments of SST is made available in its Website: [www.tvssst.org](http://www.tvssst.org).

**b. Details of any actions taken to mitigate any negative social impacts:**

No such negative social impact noticed. SST has in house planning, implementation and monitoring team, which review the project activities in various locations at periodic intervals. The CSR team are flexible to take forward the learning at every stage of the project and do course corrective measures.

**2. Numbers benefitting from such beneficial products, technologies or processes:**

- 485 women SHGs formed with 6950 members.
- ₹15.68 crores received as loan by women SHG members from banks.
- ₹25 crores worth of government schemes availed by farmers in our working villages.
- 204 infrastructure works repaired/ improved.
- 526 families got direct benefit through WADI plantation.
- 1580 illiterate women motivated to undergo literacy classes.
- No. of Farmers enabled to undertake soil fertility measures: 2300
- No. of Farmers enabled to undertake soil & water conservation measures: 750
- No. of Farmers enabled to undertake crop protection measures: 900

**3. With respect to projects during the year for which R&R is applicable - a. Was the R&R package developed in consultation with project-affected people; b. Information on gross amounts, made available in the public domain:**

Not applicable.

**4. Channels / platforms used to communicate Information regarding resolution of grievances / complaints from communities:**

CSR team members lives in villages where welfare activities are carried out, in order to understand the needs and receive feedback then and there.

Continuous interaction with community to understand the benefit and utility of various programs implemented through SHG meetings, Gram sabha and meeting with various community based organisations.

Feedback from government officials at local, block and district level on the effectiveness on implementation of the government welfare schemes and programs at grass root level villages.

**5. Examples (up to three) of economic and social value addition in these underdeveloped regions:**

- Community involvement for inclusive development: Treating the community as equal partners in the process of change. They also play an active role on monitoring and evaluation.
- Facilitate and strengthen delivery of existing Government schemes and programs: enabling a win-win situation for the local Government officials and institutions. Hence check and balance done by government departments.
- Empower CSR task force for achieving sustainable outcomes.

**6. Examples where benefits of this local traditional knowledge being used by the business are shared with the community:**

The learnings we have within factories which are suitable for village environment will always be utilized in our intervention villages. Few such learning in Company shared with community are:

- The needed resources which including ideas, inspiration and funds may are all be within reach but mobilization of the needed is key.
- Identify the priority needs and focus to ensure the benefits of development reach.
- Effective targeting is key to achieving maximum impact.

**From a struggle for access, to a path paved with opportunities:**

- Irulambarai, Tamilnadu - once was a road less village.
- Children couldn't access their school as the small path that cut through fields was unsafe.
- Farmers had to hire people to carry their produce as head loads to neighboring markets. Even a sick person had no choice but to be carried up to this point.

- The 2 kilometer stretch was the main stumbling block in the progress of the people. The villager's efforts to resolve this by approaching various ways had failed.
- The SST met leaders of the community and key beneficiaries. They were briefed and it was decided that instead of searching outside source, villagers themselves would carry out the construction of the road - our first taste of self-reliance.
- Of the total cost of ₹ 2,00,000, a sum of ₹ 30,000 came from key beneficiaries in the village whilst the rest was contributed by SST.
- It took a month to complete the project. Today, the gravel road is more than a lifeline.

**Knowledge being used**

- A lot of development work in agriculture-based communities is about finding local cost-effective solutions.
- It is important to first offer a holding hand so that people gain confidence to follow.
- People's mindsets are changing and they are taking the initiative for fulfillment of their needs.

**7. Number of beneficiaries covered under your CSR projects (as per Section 135 of Companies Act, 2013), disaggregated by the vulnerable and marginalized group categories:**

SST CSR initiatives are in 5000 villages enabling people to enhance the socio economic condition.

Out of 24.50 lakhs people, 1.29 lakhs are tribal people.

**8. Examples of how the impact of your community initiatives contribute to local and national development indicators:**

- So far 63,000 women are enrolled by SST and enabled to do savings.
- So far 1,15,100 farmers sensitized on crop management practices and various schemes cum programs through agriculture department, agriculture institutions.
- So far 1,36,500 livestock owning families made aware on the available veterinary care services, feeding practice along with animal husbandry department and veterinary science universities.
- So far 4,80,600 households sensitized on the need of toilet construction and utilization of government support for constructing.
- So far 4,28,500 households made aware about the need of proper solid waste disposal and educated to support local panchayat for disposal of solid waste.
- Enhance water storage capacity of 272 MI tanks by desilting to a water holding capacity of 1438 million litres.
- Sequestering and fixing carbon to a tune of 1080 tonnes by supporting for planting 5.44 lakh trees in community & private land in last five years in addition to economic benefits.

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**PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS IN A RESPONSIBLE MANNER**

**Essential Indicators**

**1. Examples (up to three) where adverse impacts of goods and services of your business have been raised in public domain:**

Not Applicable.

**2. Percentage by value of goods and services of the business that carry information about:**

**a. Environmental and social parameters relevant to the product:**

The Company produces parts to the prints and specifications provided by the customers.

The Company displays product information as required by the customers. This is approved by them during the development process.

**b. Safe and responsible usage:**

As explained in 2(a) above.

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3. **Number of consumer complaints in respect of data privacy - a. Received during the year; b. Pending resolution:**  
Nil
4. **Number of consumer complaints in respect of advertising:**
  - a. **Received during the year** - Nil
  - b. **Pending resolution** - Nil
5. **Number of consumer complaints in respect of delivery of essential services- a. Received during the year; b. Pending resolution:**  
Nil

### **Leadership Indicators:**

1. **Corrective actions taken on adverse impacts of goods and services of your business - a. Details; b. Communicated in the public domain:**  
Not applicable
2. **List of national-international product labels / certifications being used by the business:**  
Not applicable.
3. **Channels platforms where information on goods and services of the business can be accessed:**  
Official Website, Social media, labels.
4. **Steps taken to inform and educate vulnerable and marginalized consumers about safe and responsible usage of products:**  
Not applicable
5. **On complaints received in respect of data privacy and advertising, indicate what corrective actions were taken to ensure that these do not get repeated.**  
Not Applicable.
6. **Processes in place to inform consumers of any risk of disruption / discontinuation of essential services:**  
Risks - business and operational - are identified and appropriate countermeasures deployed. These are reviewed by the management and the board periodically. As appropriate, the risk of disruption / discontinuation of services are also communicated to customers as well as external agencies.

For and on behalf of the Board of Directors

Chennai  
29<sup>th</sup> May 2020

VENU SRINIVASAN  
Chairman



## **Annexure - VII to Directors' Report to the shareholders**

### **Report on Corporate Governance**

#### **1. Company's philosophy on code of governance**

As part of TVS Group, the Company has a strong legacy of fair, transparent and ethical governance practices. The Company's philosophy on corporate governance is founded on the fundamental ideologies of the group viz., Trust, Value, Passion for Customers and Exactness.

The Company believes in ensuring corporate fairness, transparency, professionalism, accountability and propriety in total functioning of the Company, which are pre-requisites for attaining sustainable growth in this competitive corporate world. Obeying the law, both in letter and in spirit, is the foundation on which the Company's ethical standards are built. The Company would constantly endeavour to improve on these aspects.

Good corporate governance, acting in accordance with the principles of responsible management which aimed at increasing enterprise value on a sustainable basis, is an essential requirement for the TVS Group.

The Company's corporate governance philosophy has been further strengthened by adopting a Code of Business Conduct and Ethics and Code of Conduct to Regulate, Monitor and Report trading by Insiders for Prevention of Insider Trading by the Directors and Designated Persons and Code of practices for fair disclosure of unpublished price sensitive information and various other policies available on the Company's website [www.sundaram-clayton.com](http://www.sundaram-clayton.com).

#### **2. Board of Directors**

The Board of Directors (the Board) which consists of eminent persons with considerable professional expertise and experience, provides leadership and guidance to the management, thereby enhancing stakeholders' value.

##### **2.1. Composition and category of Directors:**

The Board has sought to balance its composition and tenure and that of its Committees and to refresh them gradually from time to time so that they can benefit from the experience of longer serving Directors, and the fresh external perspectives and insights from newer appointees.

As on 31<sup>st</sup> March 2020, the total strength of the Board was twelve. As the Company has an Executive Chairman viz., Mr Venu Srinivasan, Chairman and Managing Director (CMD), the Board is required, in terms of Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (Listing Regulations), to have half of the Board comprising of Independent Directors (IDs) including atleast one Independent Woman Director.

During the year under review, the shareholders through Postal Ballot had re-appointed Dr. Lakshmi Venu as Joint Managing Director of the Company for a further period of 5 years effective 22<sup>nd</sup> March 2020.

The Board has seven Non-Executive Independent Directors (NE-IDs) viz., M/s Vice Admiral P J Jacob, S Santhanakrishnan, V Subramanian, R Vijayaraghavan, Kamlesh Gandhi, R Gopalan and Sasikala Varadachari.

The Board has three Non-Executive Non Independent Directors (NE-NIDs), viz., M/s. Sudarshan Venu, T K Balaji and Gopal Srinivasan. Mr Venu Srinivasan, CMD and Dr. Lakshmi Venu, Joint Managing Director (JMD) are the Executive and Non-Independent Directors. Thus, the composition of the Company's Board is in conformity with the Listing Regulations.

Non-Executive Directors have a wide range of experience from various fields including financial, administrative and legal services and have a wealth of experience of different organisations. Many of the Company's Board members have experience of long-cycle industries, which is of great assistance in understanding the industry in which the Company operate. The Company is fully committed to boardroom diversity.

As required under Regulation 16 of the Listing Regulations, it is also ensured that IDs of the Company do not hold NE-NID position in another company, where any NE-NID of the Company is an ID.

In accordance with the provisions of the Act and the Articles of Association of the Company, Dr. Lakshmi Venu and Mr Gopal Srinivasan, Directors, who have been the longest in office, are liable to retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment.

The Company has ensured that necessary approval of the Shareholders obtained by way of special resolution for appointing / re- appointing / continuing to be a director on the board beyond the age of 75 years.

All the existing NE-IDs, not liable to retire by rotation have been re-appointed by the Shareholders at the Annual General Meeting (AGM) held on 23<sup>rd</sup> July 2019 and none of them serves as NE-ID in more than seven listed companies.

The resolutions seeking approval of the members for the re-appointment of Dr. Lakshmi Venu and Mr Gopal Srinivasan, as Directors, have been included in the Notice of AGM of the Company.

##### **2.2 Board meetings:**

The Company in consultation with the Directors, prepares and circulates a tentative annual calendar for meetings of the Committees / Board in order to assist the Directors for planning their schedules well in advance to participate in the meetings.

Board and Committee meetings through video conferencing or other audio visual means were made available to the Directors. For restricted items of businesses, Directors participation through VC were permitted in the discussions, wherever necessary quorum was physically present at the meeting.

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The Company, regularly places before the Board for its review, all the information as required under Part A of Schedule II to Listing Regulations such as annual operating plans, Capex budget and its quarterly updates, quarterly financial results, minutes of meetings of Audit Committee and other Committees of the Board, information on recruitment and remuneration of senior officers one level below the Board, any significant development in Human Resources / Industrial Relations, show-cause, demand and prosecution notices and penalty notices which are materially important, quarterly details of foreign exchange exposures, risk management and mitigation measures, report on compliance of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, if any, etc.

Comprehensively drafted notes for each agenda item along with pre-agenda materials, wherever necessary, are circulated well in advance to the Committee / Board to enable them for making

value addition as well as exercising their business judgment in the Committee / Board Meetings.

Presentations are also being made by the business heads on the Company's Operations, Marketing Strategy, Risk Management, Internal Financial Control, etc., in Board / Audit Committee Meetings.

The meetings are convened through i-Pads as an eco-friendly measure. All agenda papers for convening meetings of the Board/ Committees are being uploaded in digital mode well in advance.

During the year 2019-20, the Board met five times on 2<sup>nd</sup> May 2019, 23<sup>rd</sup> July 2019, 18<sup>th</sup> October 2019, 5<sup>th</sup> February 2020 and 10<sup>th</sup> March 2020 and the gap between two meetings did not exceed 120 days. Besides, the NE-IDs held a separate meeting on 10<sup>th</sup> March 2020 as per the applicable provisions of the Act, 2013 and Regulation 25(3) of the Listing Regulations. All the NE-IDs were present at the meeting.

### 2.3 Attendance and other directorships:

The details of attendance of the Directors at the Board meetings during the year and at the last AGM held on 23<sup>rd</sup> July 2019 and other directorships and Committee Memberships / Chairmanships as on 31<sup>st</sup> March 2020 are as follows:

Name of the Director (M/s.)	DIN	Category	Attendance particulars		Number of other directorships, committee memberships / chairmanships		
			Board meeting	Last AGM	Other directorships*	Committee memberships**	Committee chairmanships
Venu Srinivasan	00051523	CMD	5	Yes	17	3	–
Dr. Lakshmi Venu	02072020	JMD	3	Yes	8	3	–
Sudarshan Venu	03601690	NE-NID	4	Yes	4	1	–
Gopal Srinivasan	00177699	NE-NID	1	Yes	16	1	–
T K Balaji	00002010	NE-NID	4	Yes	13	2	–
Vice Admiral P J Jacob (Retd.)	00173785	NE-ID	5	Yes	1	1	1
V Subramanian	00357727	NE-ID	4	Yes	7	4	1
S Santhanakrishnan	00005069	NE-ID	5	Yes	2	4	–
R Vijayaraghavan	00026763	NE-ID	4	Yes	8	9	5
Kamlesh Gandhi	00004969	NE-ID	4	No	4	4	3
R Gopalan	01624555	NE-ID	5	Yes	7	3	2
Sasikala Varadachari	07132398	NE-ID	4	No	5	1	–

CMD : Chairman and Managing Director

JMD : Joint Managing Director

NE-NID: Non Executive - Non-Independent director

NE-ID : Non Executive - Independent director

\* includes private companies and companies incorporated outside India.

\*\* includes committees where the director holds the position of Chairman.

None of the Directors on the Board is a member of more than ten Committees or Chairman of more than five Committees across all the companies in which they are Directors. Chairmanships / Memberships of Committees include only Audit and Stakeholders' Relationship Committee as covered under Regulation 26 of the Listing Regulations. As per the disclosures made by the Directors all public limited companies, whether listed or not, have been included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Act have been excluded. CMD, JMD, Mr Sudarshan Venu are related to each other and CMD and Mr Gopal Srinivasan are related to each other. None of the other Directors is related to any other Director on the Board.

### 2.4 Listed entities in which the directors hold position as director other than Sundaram-Clayton Limited and category of Directorship as on 31<sup>st</sup> March 2020.

Name of the Director (M/s.)	Name of the company	Category of Directorship
Venu Srinivasan	TVS Motor Company Limited	Chairman and Managing Director
	Cummins India Limited	Non-Executive - Independent Director
	The Indian Hotels Company Limited	Non-Executive Non Independent Director

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Name of the Director (M/s.)	Name of the company	Category of Directorship
Dr. Lakshmi Venu	TVS Motor Company Limited	Non-Executive Non Independent Director
	Wabco India Limited	Non-Executive - Independent Director
Sudarshan Venu	TVS Motor Company Limited	Joint Managing Director
Gopal Srinivasan	TVS Electronics Limited	Chairman
	Wonderla Holidays Limited	Non-Executive - Independent Director
T K Balaji	India Nippon Electricals Limited	Chairman
Vice Admiral P J Jacob (Retd.)	–	–
V Subramanian	Adani Enterprises Limited	Non-Executive - Independent Director
S Santhanakrishnan	–	–
R Vijayaraghavan	India Nippon Electricals Limited	Non-Executive - Independent Director
	Sanco Trans Limited	
	Bimetal Bearings Limited	
Kamlesh Gandhi	Bhagyanagar India Limited	Non-Executive - Independent Director
	Kirloskar Electric Company Limited	
	NCL Industries Limited	Chairman
R Gopalan	Zee Entertainment Enterprises Ltd.	Non-Executive - Independent Director
	TVS Motor Company Limited	
Sasikala Varadachari	Harita Seating Systems Limited	Non-Executive - Independent Director

None of the NEDs holds directorships in more than eight listed entities and serves as an Independent director in more than seven listed entities. As far as, managing director / whole time director in the Company are concerned, they do not serve as an independent director in more than three listed entities.

### 2.5 Access to information and updation to Directors:

The Board reviews all the information provided periodically for discussion and consideration at its meetings in terms of the Listing Regulations. Functional heads are present whenever necessary and apprise all the Directors about the developments. They also make presentations to the Board and Audit Committee of Directors.

Apart from this, the observations on the audit carried out by the internal auditors and the compliance report on payment of statutory liabilities submitted by the Statutory Auditors of the Company are placed and discussed with functional heads, by the Committee / Board. The Board also reviews the declarations made by the President & Chief Executive Officer (CEO) and the Company Secretary regarding compliance with all applicable laws on quarterly basis. Decisions taken at the meetings of the Board/ Committee are communicated to the functional heads. Action taken report on decisions of previous meetings was placed at every succeeding meeting of the Board / Committee for reporting the compliance.

### 2.6 Familiarization programme

Familiarization program is made available to Directors covering such topics as the Board's role, Board's composition and conduct, Board's risks and responsibilities to ensure that they are fully informed on current governance issues.

The program also includes briefings on the culture, values and business model of the Company, the roles and responsibilities

of senior executives and the Company's financial, strategic, operational and risk management position. The induction process for NE-IDs include plant visit for detailed understanding of manufacturing process / activities of the Company. The details of familiarization program are available in the link as provided in page no. 76 of this Annual Report.

### 2.7 Principal / core skills / expertise / competence of the Board of Directors:

While evaluating the Board as a whole, it was ensured that the existing board members have relevant core skills/expertise/competencies as required in the context of its business (es) and sector(s) to function effectively.

Skill	Description
Leadership / Strategy	Experience of playing leadership roles in large businesses, with competencies around strategy development & implementation, sales & marketing, business administration/operations and Organisations and people management.
Automotive / Engineering Experience	Strong knowledge and experience in automotive industry and foundry and in managing business operations of a sizeable organization in the business of manufacture and sale of automobiles.
Financial	Practical knowledge and experience in Corporate Finance, accounting and reporting and internal financial controls, including strong ability to assess financial impact of decision making and ensure profitable and sustainable growth.

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Skill	Description
Governance	Board level experience in reputed Organisations, with strong understanding of and experience in directing the management in the best interests of the Company and its stakeholders and in upholding high standards of governance.
Regulatory	Strong expertise and experience in corporate law and regulatory compliance in India and overseas.

Board of Directors is well structured to ensure a high degree of diversity by age, gender, educational qualifications, professional background, present activity, sector expertise and special skills (classification).

Board comprises a range and balance of skills, experience, knowledge, gender, social-economic backgrounds and independence. This needs to be backed by a diversity of personal attributes, including sound judgement, honesty and courage.

### Professional Background & Skills / expertise / competency of Directors.

Name of the Directors	Brief description about the Directors
Mr Venu Srinivasan, Chairman and Managing Director	<ul style="list-style-type: none"> <li>• He is also the Chairman and Managing Director of TVS Motor Company Limited. Additionally, serves on the board of T V Sundram Iyengar &amp; Sons Private Limited, Tata Sons Private Ltd., (Tata Sons), Cummins India Limited and The Indian Hotels Company Limited.</li> <li>• He is also the Vice Chairman of various Tata Trusts. He also oversees Srinivasan Services Trust (SST), which works in 5000 villages in India towards self-development for village communities covering education, healthcare, infrastructure, economic development, environment and community development.</li> <li>• Implemented Total Quality Management (TQM), a Japanese method of process-driven manufacturing in Indian manufacturing operations.</li> <li>• Strengthened the TQM processes within the Company which facilitated making bikes for BMW Motorrad through a strategic partnership.</li> <li>• He is the recipient of Deming Distinguished Service Award, granted to individuals who have made outstanding contributions in dissemination and promotion of Total Quality Management.</li> <li>• He was conferred with "Goodwill Envoy for Public Diplomacy" and distinguished civilian honour "Order of Diplomatic Service Merit" (Heung-In Medal) by the Republic of Korea.</li> <li>• He was conferred the Padma Bhushan Award, the third Highest civilian award in India, in January 2020.</li> <li>• He has extensive experience in Automotive Sector over a period of four decades and has established a robust Governance Model under his leadership and management.</li> </ul>
Dr. Lakshmi Venu, Joint Managing Director	<ul style="list-style-type: none"> <li>• She is involved in all spheres of management of Company and handles wider responsibilities for exploring new business opportunities.</li> <li>• She is also the Deputy Managing Director of TAFE Motors and Tractors Limited and Non-Executive Non-Independent Director in TVS Motor Company Limited, the subsidiary company.</li> <li>• Played a key role in establishment of overseas manufacturing facility for Sundaram Holding USA Inc, in the United States of America.</li> <li>• She was recognised as "Corporate India's fastest rising women leader" by Economic Times in 2017.</li> <li>• She has a rich experience in business strategy, product design and in-depth knowledge of automotive business.</li> </ul>

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Name of the Directors	Brief description about the Directors
Mr Sudarshan Venu, Director	<ul style="list-style-type: none"> <li>• He is the Joint Managing Director of TVS Motor Company Limited and also a Non-Executive Director of TVS Credit Services Limited, the subsidiary companies</li> <li>• Very resourceful in his approach and implementation of strategies and turnaround of exports in a positive manner;</li> <li>• Made efforts on multiple fronts to make the TVS brand more aspirational.</li> <li>• Plays a key role in profitable exports expansion, in the e-utility and Artificial Intelligence foray by the Company; and</li> <li>• Always strives for excellence in both quality and cost along with customer satisfaction and take advantage of emerging opportunities and catch new waves of wealth creation.</li> <li>• He involves himself in all spheres of management and his expertise in strategic planning and business administration has developed the Company in its growth at a faster rate.</li> </ul>
Mr Gopal Srinivasan, Director	<ul style="list-style-type: none"> <li>• Chairman and Managing Director of TVS Capital Funds Ltd, managing three mid-market growth oriented private equity funds, with total AUM of over ₹ 2,200 Crores with 100% rupee capital.</li> <li>• His entrepreneurial career spans well over three decades in which he has founded companies which are operating in a wide spectrum of sectors viz. Information Technology, Private Equity, Consumer Finance and Consumer Durables.</li> <li>• He is a founding member of The Chennai Angels as well as TiE (The Indus Entrepreneurs) Chennai, two of the premier angel investing networks in India.</li> <li>• He is also the Chairman of Chennai International Centre, a think-tank that brings together a cornucopia of thought leaders from the spheres of business, the economy, policymaking, science, art, culture and entrepreneurship.</li> <li>• He has been recently appointed as the Honorary Consul General for the Kingdom of Netherlands in Tamil Nadu.</li> <li>• He has vast experience in e-technology and Digital Business along with knowledge of managing business administration very effectively.</li> </ul>
Mr T K Balaji, Director	<ul style="list-style-type: none"> <li>• He is a member of Development Council for Automobiles &amp; Allied Industries, Government of India. He was the past president of Automotive Component Manufacturers Association of India (ACMA) and had served on the CII National Council for a number of years.</li> <li>• He was conferred a Special Award by the FIE Foundation of Maharashtra in March 1995 in recognition of his contribution to the development of automotive component industry.</li> <li>• He has vast experience in Automotive Component Sector for several decades and has rich knowledge in business operations and management.</li> </ul>
Vice Admiral P J Jacob, Independent Director	<ul style="list-style-type: none"> <li>• He is a retired Vice Chief of the Naval Staff.</li> <li>• He has held a variety of key operational and training assignments in a career spanning forty years.</li> <li>• He has commanded the Eastern Fleet, was the Director General of the Indian Coast Guard and the Chief of Personnel of the Navy.</li> <li>• He has overseen numerous training initiatives and has led several Ministry of Defence / Navy delegations to negotiate intergovernmental agreements on strategic issues with various countries.</li> <li>• He has taken up an assignment as a Director in Dua Consulting, a leading Delhi based firm, consulting in a number of areas such as infrastructure development, maritime, aviation and telecom.</li> </ul>

## Sundaram-Clayton Limited

Name of the Directors	Brief description about the Directors
Vice Admiral P J Jacob, Independent Director	<ul style="list-style-type: none"> <li>• He was appointed by the Sri Lankan Government as its advisor on Maritime security.</li> <li>• His experience in this field has also been tapped at various fora like the Asia Centre and the National Institute of Advanced studies Bangalore. He was also invited by Japanese Ministry of Foreign Affairs to interact with Japanese think tanks on the future of Indo Japanese maritime co-operation.</li> <li>• He was also involved in a second track initiative in conjunction with CII to attract greater Taiwanese investment in India, particularly in IT and small and medium scale manufacturing.</li> <li>• Vice Admiral Jacob has served as a member of the National Security Advisory Board to the Prime Minister of India. He is currently Chairman of the Global India Foundation an organization aiding decision makers in strategizing policy initiatives.</li> <li>• The Admiral is a recipient of the Param Vishist Seva Medal, Ati Vishist Seva Medal and the Vishist Seva Medal for distinguished service of an exceptional order.</li> <li>• He has a rich experience in general management and business administration and in-depth knowledge of economic scenario.</li> </ul>
Mr V Subramanian, Independent Director	<ul style="list-style-type: none"> <li>• He joined the premier Indian Administrative Service in 1971 (West Bengal Cadre) and also served as Secretary to the Government of India in Ministry of New and Renewable Energy.</li> <li>• He has a vast expertise and experience in dealing with foreign exchange management in India.</li> <li>• He was appointed Adviser on Loan and Grant Management to the Government of Mozambique, Maputo by Commonwealth Secretariat, London for two and half years.</li> <li>• During the stint with Ministry of Finance, he had dealt with public sector projects in the areas of transport, steel &amp; mines, fertilizers, welfare, etc., external commercial borrowings, exchange control and bilateral aid.</li> <li>• He was also the Business Development Adviser to the Council for Industrial and Scientific Research at New Delhi in 2008 -09.</li> <li>• He has occupied many key senior positions in Government of India and the Government of West Bengal during his career of 37 years.</li> <li>• He has extensive experience in Power, Aviation, Labour and Finance sectors and was the Chairman &amp; Secretary General of the Indian Wind Energy Association, a non-governmental body formed by the wind energy generating companies and equipment manufacturers for over ten years till December, 2018.</li> <li>• He is also the Chief Mentor of the Indian Renewable Energy Federation, an NGO working in the renewable energy sector. He also offers consultancy to various companies in the field of renewable energy.</li> <li>• He has a broad range of legal and regulatory experience to monitor corporate governance practices for automotive and energy businesses.</li> </ul>
Mr S Santhanakrishnan, Independent Director	<ul style="list-style-type: none"> <li>• He joined the State Bank of India as a probationary officer and he rose to the position of Deputy Managing Director after 36 years of experience.</li> <li>• He was also the all India Head of Credit (Corporate Accounts Group) and had the privilege of dealing with all the top 200 companies of India for more than 3 years.</li> <li>• He was also the General Manager of SBI Capital Markets Limited and headed the Chennai office for 3 years.</li> <li>• After his retirement from SBI he headed the Credit Information Bureau of India Limited (CIBIL).</li> <li>• He has been an Independent Director on the Boards of many companies in various sectors for the last about 15 years.</li> <li>• He has vast experience in banking and financial services having held key positions over several decades.</li> </ul>



## Sundaram-Clayton Limited

Name of the Directors	Brief description about the Directors
Mr R Vijayaraghavan, Independent Director	<ul style="list-style-type: none"> <li>• He is an advocate in Chennai and has been practicing law for over 20 years and is the legal advisor to many business groups and is a member of board of directors and audit committee of reputed companies.</li> <li>• He has a vast breadth of experience in the fields of corporate law, mergers and acquisitions, tax laws, commercial aspects of doing business in India.</li> <li>• He is a partner of a reputed tax consultant firm in Chennai, providing a single window facility to the business community for all their legal requirements in the form of taxation consultancy, opinion, arbitration and conciliation, documentation approvals and litigation.</li> <li>• He has vast experience and knowledge in taxation matters including arbitration and conciliation.</li> </ul>
Mr Kamlesh Gandhi, Independent Director	<ul style="list-style-type: none"> <li>• He is associated with Capital and Financial Markets in India for the past 41 years and was a member of the BSE for 14 years from 1981 to 1995.</li> <li>• He was a director on the Board of Association of Merchant Bankers of India for 4 years from inception of the Association.</li> <li>• As a merchant banker, he is instrumental in raising funds for over 325 capital issues and is involved in placement of equities of several companies with retail, high net worth and institutional investors, both domestic and overseas.</li> <li>• He was the guest speaker at Training Institutes of Banks and Bankers Training College of RBI on merchant banking activities. He was a Non-Executive Director of several companies including Dr Reddy's Group and Raasi Group.</li> <li>• He is involved in advising several NRI investors including many high net worth NRIs.</li> <li>• He has vast experience in capital and financial markets for over four decades.</li> </ul>
Mr R Gopalan, Independent Director	<ul style="list-style-type: none"> <li>• He has served as a Member, Public Enterprises Selection Board (PESB) under the control of the PM. This body selects CMDs, MDs and Directors of Central Public Sector Enterprises.</li> <li>• Was handling matters relating to Capital Markets, Infrastructure Finance, G-20, World Bank (WB), International Monetary Fund (IMF), Asian Development Bank (ADB), Budget preparation, Public Private Partnership (PPP), Directorate of Currency and other related matters pertaining to the economy.</li> <li>• Brought about a number of changes in the functioning of the Capital Markets and initiated new policy measures in infrastructure development.</li> <li>• He has vast experience in Corporate Laws, Business Administration, Corporate Finance and Regulatory matters.</li> </ul>
Ms Sasikala Varadachari, Independent Director	<ul style="list-style-type: none"> <li>• She is a retired banker with over 37 years of experience in the fields of banking operations both in India and Overseas.</li> <li>• She worked as chief general manager of State Bank of India (SBI), spearheading the strategic training unit, SBI, corporate center Mumbai, having profound knowledge in Credit and Merchant Banking.</li> <li>• She was the first CEO of SBI in Israel and was responsible for setting up SBI's Commercial Operations there.</li> <li>• She has vast experience in banking and financial services having held key positions in the banking sector.</li> </ul>

### 2.8. Code of Business Conduct and Ethics for Members of the Board and Senior Management Personnel (SMP):

The Company has in place the Code of Business Conduct and Ethics for Members of the Board and SMP (the Code) approved by the Board.

The Company's Code of Conduct embodies its values and expectations to which its corporate standards and employee policies are aligned.

The Code has been communicated to Directors and SMP. An updated version of Code of Conduct, which is available on Company's website, is always under review and amended by the Board from time to time.

The Code has also been displayed on the Company's website in the link as provided in page no. 76 of this Annual Report.

All the Members of the Board and SMP have confirmed compliance with the Code for the year ended 31<sup>st</sup> March 2020. The Annual Report contains a declaration to this effect signed by CMD.

### 2.9. Appointment / Re-appointment of Directors:

In terms of Regulation 36(3) of the Listing Regulations, a brief resume of director proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, other directorships and committee memberships, shareholdings and relationships, if any, with other Directors are provided in the Notice convening AGM of the Company and Postal Ballot.

### 2.10. Committees of the Board:

The Board has, in order to make a focused attention on business and for better governance and accountability, constituted the following mandatory committees viz., Audit Committee, Risk Management Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and non-mandatory Committee, viz., Administrative Committee. The terms of reference of these Committees are determined by the Board and their performance being reviewed. Meetings of each of these Committees are convened by the respective Chairman of the Committee, informs the Board about the summary of discussions held in the Committee Meetings. The minutes of the Committee Meetings are placed before the subsequent Board meetings.

## 3. Audit Committee

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosure and transparency, integrity and quality of financial reporting.

### 3.1. Brief description of terms of reference:

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal control and financial reporting process and *inter-alia* performs the following functions:

- a. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b. Recommending the appointment, remuneration and terms of appointment of auditors of the Company;
- c. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement in terms of clause (c) of sub-section 3 of Section 134 of the Act;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Modified opinion, if any, in the draft audit report.
- d. Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
- e. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- f. Approving or subsequently modifying any transactions of the Company with related parties;
- g. Scrutinizing the inter-corporate loans and investments;
- h. Reviewing the valuation of undertakings or assets of the Company, wherever it is necessary;
- i. Evaluating internal financial controls and risk management systems;
- j. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- k. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- l. Discussing with internal auditors of any significant findings and follow up thereon;
- m. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or any failure of internal control systems of a material nature and reporting the matter to the Board;
- n. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- o. Looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

## Sundaram-Clayton Limited

- p. Reviewing the functioning of the Whistle Blower mechanism;
- q. Approving the appointment of CFO after assessing the qualifications, experience and background of the candidate; and
- r. reviewing the utilisation of loans and / or advances from / investments / by the holding company in the subsidiary exceeding ₹ 100 Cr or 10% of the asset size of the subsidiary, whichever is lower.

In addition, reviewing of such other functions as envisaged under Section 177 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 as amended and Regulation 18 of Listing Regulations.

The subjects reviewed and recommended in the meetings of the Audit Committee were apprised to the Board by the Chairman of the Committee, for its approval. All the recommendations made by the Committee during the year under review, were accepted by the Board.

### 3.2. Composition, name of members and the Chairman:

As at 31<sup>st</sup> March 2020, the Committee consists of the following Non-Executive and Independent Director's viz., M/s Vice Admiral P J Jacob (Retd.), V Subramanian, S Santhanakrishnan and R Gopalan and Non - Executive and Non-Independent director viz., Mr T K Balaji.

The composition of the Committee is in accordance with the requirements of Regulation 18 of Listing Regulations read with Section 177 of the Act. Vice Admiral P J Jacob (Retd.), is the Chairman and Mr R Raja Prakash, Company Secretary acts as the secretary of the Committee.

Chairman of the Committee was present at the last AGM held on 23<sup>rd</sup> July 2019.

### 3.3. The particulars of meetings and attendance by the members of the Committee, during the year under review, are given in the table below:

Date of the meeting	Members present (M/s.)
02.05.2019	
23.07.2019	Vice Admiral P J Jacob (Retd), T K Balaji, V Subramanian, S Santhanakrishnan and R Gopalan
18.10.2019	
05.02.2020	Vice Admiral P J Jacob (Retd), S Santhanakrishnan and R Gopalan

## 4. Subsidiary Companies

The Company has two direct subsidiaries viz., TVS Motor Company Limited, Listed Company (TVSM) and Sundaram-Clayton (USA)Limited, USA, unlisted overseas company. The other indirect Indian Unlisted subsidiaries of the Company are Sundaram Auto Components Limited, TVS Housing Limited, TVS Motor Services Limited, TVS Credit Services Limited and its subsidiaries viz., TVS Two- wheeler Mall Private Limited, TVS Micro Finance Private Limited, Harita ARC Private Limited, Harita Collection Services

Private Limited, TVS Commodity Financial Solutions Private Limited and TVS Housing Finance Private Limited.

The other indirect Foreign subsidiaries are PT. TVS Motor Company Indonesia, TVS Motor Company (Europe) B.V, TVS Motor (Singapore) Pte. Limited, Sundaram Holding USA Inc. and its four subsidiaries viz., Green Hills Land Holding LLC, Components Equipment Leasing LLC, Sundaram-Clayton (USA) LLC and Premier Land Holding LLC.

Since all the above indirect subsidiaries are subsidiaries of TVSM, being the listed subsidiary, the Audit Committee of TVSM reviews the financial statements and in particular the investments made by the said unlisted subsidiaries in compliance with the Regulation 24(7) of the Listing Regulations. The minutes of the Board meetings of the said unlisted subsidiaries are periodically placed before the Board of TVSM.

The Board is periodically informed about all significant transactions and arrangements entered into by the other overseas direct subsidiary.

### Material Subsidiaries Policy:

The Board has duly formulated a policy for determining 'material subsidiaries'. As per the amended Listing Regulations material subsidiary means a subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Since, TVSM, the Company's Listed subsidiary has complied with the requirements laid down under the Listing Regulations for material subsidiaries, the Company has fully complied with the provisions of this regulation. The Board at its meeting held on 5<sup>th</sup> February 2020, amended the Material Subsidiary Policy to incorporate certain clauses so as to maintain consistency and incorporate statutory amendments from time to time to be reflected in the policy to make it upto date and more comprehensive. Copy of the said policy is available on the Company's website in the link as provided in page no. 76 of this Annual Report.

## 5. Disclosures

### 5.1. Materially significant related party transactions:

All transactions entered into with related parties (RPTs), as defined under the Act and the Listing Regulations during the financial year 2019-20 were in the ordinary course of business and at an arm's length and do not attract the provisions of Section 188 of the Act and the rules made thereunder.

There were no materially significant transactions with the related parties during the year, which were in conflict with the interests, and hence no approval of the Company was required in terms of the Listing Regulations.

The transactions with the related parties, namely its promoters, holding, subsidiary and associate companies, etc., of routine nature have been reported in the Annual Report, as per Indian Accounting Standard 24 (IND AS 24) notified vide the Companies (Indian Accounting Standard) Rules, 2015. Details of related party transactions are enclosed as part of accounts for the year ended 31<sup>st</sup> March 2020.

### 5.2. Related Party Transaction Policy:

The Board has formulated a policy on related party transactions. The Audit Committee reviews and approves transactions (RPTs) between the Company and related parties, as defined under the Listing Regulations, to ensure that the terms of such RPTs would reasonably be expected of transactions negotiated on at arm's length and in the ordinary course of business. The Audit Committee meets prior to each scheduled Board meeting to review all RPTs of the Company on a quarterly basis.

In terms of Regulation 23 of the Listing Regulations, all RPTs for the succeeding financial year, with clear threshold limit, are regularly placed before the Audit Committee meeting convened during last quarter of the financial year for its approval and recommendation to the Board for its approval, wherever required. RPTs entered during the financial year are reviewed at the same meeting for any upward revision in the threshold limit.

It was also ensured that none of RPTs involving payments with respect to brand usage or royalty during the financial year, exceeded two percent of the annual consolidated turnover of the Company as per the previous audited financial statements of the Company.

As per the Act, any unforeseen RPT involving amount not exceeding ₹ 1 Cr per transaction entered into by a director or officer of the Company without obtaining prior approval of the Audit Committee and such transactions being RPTs can be ratified by the Audit Committee within three months from the date of such transaction.

In terms of Regulation 23 of the Listing Regulations, the Board at its meeting held on 5<sup>th</sup> February 2020 had also reviewed the policy and amended the RPT Policy to maintain consistency and statutory amendments to be reflected in the policies and to make it upto date and more comprehensive.

Copy of the said policy is available on the Company's website in the link as provided in page no. 76 of this Annual Report.

### 5.3. Disclosure of accounting treatment:

Pursuant to the notification, issued by the Ministry of Corporate Affairs dated 16<sup>th</sup> February 2015 relating to the Companies (Indian Accounting Standard) Rules, 2015, as amended from time-to-time, the Company has adopted "IND AS" with effect from 1<sup>st</sup> April 2016. Accordingly, the financial statements for the year 2019-20 have been prepared in compliance with the said Rules.

### 5.4. Risk Management:

The Company has established Risk Management Policy which formalizes its approach to the oversight and management of material business risks. The policy is implemented through a top down and bottom up approach for identifying, assessing, monitoring and managing key risks across the Company's business units.

Risks and effectiveness of management are internally reviewed and reported regularly to the Board. As a process, the risks associated with the business are identified and prioritized based on severity, likelihood and effectiveness of current detection.

Such risks are reviewed by the Management on quarterly basis. Process owners are identified for each risk and metrics are developed for monitoring and reviewing the risk mitigation.

The Board is satisfied that there are adequate systems and procedures in place to identify, assess, monitor and manage risks. The Risk Management Committee reviews the reports given by members of the management team and recommends suitable action.

### Risk Management Committee

As on 31<sup>st</sup> March 2020, the Committee consists of the following directors / officials viz., Mr R Gopalan, Vice Admiral P J Jacob, Directors, Dr. Lakshmi Venu, Joint Managing Director and Mr C Narasimhan, Advisor and Mr K Gopala Desikan, Chief Financial Officer.

The composition of the Committee is in accordance with the requirements of the Regulation 21 of the Listing Regulations.

The Board at its meeting held on 5<sup>th</sup> February 2020 appointed Mr R Gopalan, as Chairman of the Committee in the place of Vice Admiral P J Jacob, who continues to be a member of the Committee. Mr R Raja Prakash, Company Secretary acts as the Secretary of the Committee.

As required under the Listing Regulations, the Committee met on 2<sup>nd</sup> May 2019 and Mr R Gopalan, Vice Admiral P J Jacob and Dr Lakshmi Venu attended the meeting.

### Scope:

- Overseeing and approving the Company's enterprise wide risk management framework;
- Overseeing / identifying / assessing of all risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational; and
- Evaluating that adequate risk management infrastructure is in place and capable of addressing those risks.

### Role:

- To identify, evaluate and mitigate the existing as well as potential risks to the Company and to recommend the strategies to the Board to overcome them;
- To develop and implement action plans to mitigate the risks;
- To oversee at such intervals as may be necessary, the adequacy of Company's resources to perform its risk management responsibilities and achieve its objectives;
- To review the risk management framework for the operations of the Company that are deemed necessary and Company's performance against the identified risks of the Company;
- To formulate the strategies towards identifying any areas that may materially affect the Company's overall risk exposure and to review the Risk Management Plan;
- To adequately transmit necessary information with respect to material risks to Senior Executives / Board / relevant Committees;

- g) To check if Cyber security cover has been adopted by Information systems department; and
- h) Such other items as may be prescribed by the regulatory or by the Board, from time to time.

**5.5. Instances of non-compliances, if any:**

There were no instances of non-compliance by the Company or penalty and stricture imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on any matter related to the capital markets, during the last three years.

**5.6. Disclosure by Senior Management Personnel (SMP):**

SMP have made disclosures to the Board relating to all material, financial and other transactions stating that they did not have personal interest that could result in a conflict with the interest of the Company at large.

**5.7. CEO and CFO Certification:**

The Chairman and Managing Director and Chief Financial Officer of the Company have certified to the Board on financial and other matters in accordance with Regulation 33 of the Listing Regulations for the financial year ended 31<sup>st</sup> March 2020.

**5.8. Compliance with mandatory / non-mandatory requirements:**

The Company has complied with all applicable mandatory requirements in terms of the Listing Regulations. The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed elsewhere in this Report.

**5.9. Code of Conduct for Prevention of Insider Trading:**

In compliance with the amended SEBI (Prohibition of Insider Trading) Regulations 2015 as amended, the Company has a comprehensive Code of conduct for prevention of insider trading and the same is being strictly adhered by the Designated persons as defined under this Code.

The Board at its meeting held on 5<sup>th</sup> February 2020 amended both the Code of Practices and Procedures for fair disclosure of "Unpublished Price Sensitive Information" (UPS) and the Code of Conduct to regulate, monitor and report trading by insiders to maintain consistency and for statutory amendments to be reflected in the policies and to make it upto date and more comprehensive.

The Code expressly lays down the guidelines and the procedures to be followed and disclosures to be made, while dealing with the shares of the Company.

The Company follows closure of trading window from the end of every quarter till 48 hours after the declaration of financial results. The Company has been advising the Designated Persons covered by the Code not to trade in Company's securities during the closure of trading window period.

**5.10. Management Discussion and Analysis Report, Familiarization Programme and Whistle Blower Policy:**

All the above Report / Policies form part of the Directors' Report.

**5.11. Amendment to Whistle Blower Policy:**

The Board at its meeting held on 5<sup>th</sup> February 2020 made certain amendments to the Whistle Blower Policy for protecting whistle blower who made in good faith and express guidance on procedure to be undertaken by the investigators for carrying out investigation on complaints.

Copy of the said Policy is available on the Company's website in the link as provided in page no. 76 of this Annual Report.

**6. Nomination and Remuneration Committee (NRC)**

**6.1. Composition of the Committee:**

The Board at its meeting held on 5<sup>th</sup> February 2020 appointed Mr S Santhanakrishnan, as member and Chairman of the committee in the place of Vice Admiral P J Jacob (Retd), who continues to be a member of the Committee. Mr R Raja Prakash Company Secretary acts as the Secretary of the Committee.

Vice Admiral P J Jacob (Retd.), the then Chairman of the Committee was present at the last AGM held on 23<sup>rd</sup> July 2019 to answer the shareholders queries.

As at 31<sup>st</sup> March 2020, the NRC consists of M/s S Santhanakrishnan, Vice Admiral P J Jacob (Retd), R Vijayaraghavan and V Subramanian, NE-IDs.

**6.2. The particulars of meetings and attendance by the members of the Committee, during the year under review, are given in the table below:**

Date of the meeting	Members present (M/s.)
02.05.2019	Vice Admiral P J Jacob (Retd), R Vijayaraghavan and V Subramanian
05.02.2020	Vice Admiral P J Jacob (Retd) and R Vijayaraghavan

**6.3. The broad terms of reference of the NRC are as under:**

- Guiding the Board for laying down the terms and conditions in relation to the appointment and removal of Director(s), Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) of the Company.
- Evaluating the performance of the Director(s) and providing necessary report to the Board for its further evaluation and consideration.
- Recommending to the Board on remuneration payable to the Director(s), KMP and SMP of the Company based on (i) the Company's structure and financial performance and (ii) remuneration trends and practices that prevail in peer companies across the automobile industry.
- Retaining, motivating and promoting talent amongst the employees and ensuring long term sustainability of talented SMP by creation of competitive advantage through a structured talent review.



6.4. The role / scope of NRC is as follows:

- To make recommendations to the Board with respect to incentive compensation plans for Executive Director(s) and remuneration of NED(s) of the Company.
- To identify persons who are qualified to become Director(s) / KMP and SMP of the Company.
- To recommend to the board for appointment / removal of Director(s), KMP / SMP of the Company.
- To formulate criteria for determining qualification, positive attributes and independence of a Director of the Company.
- To recommend to the Board a Policy for remuneration of Director(s), KMP and SMP of the Company.

6.5. Evaluation Criteria

The NRC lays down the criteria for evaluating the performance of every Director, Committees of the Board and the Board as a whole.

The performance evaluation of the Board as a whole was assessed based on the criteria, like its composition, size, mix of skills and experience, its meeting sequence, effectiveness of discussion, decision making, follow up action, quality of information, governance issues and the performance and reporting by various Committees set up by the Board.

NRC prescribed a peer evaluation methodology by way of set of questionnaire to evaluate the performance of individual Directors, Committee(s) of the Board, Chairman and the Board as a whole, and the Board carried out the performance evaluation as per the methodology.

The performance evaluation of individual Director was carried out based on his / her commitment to the role and fiduciary responsibilities as a board member, attendance and active participation, strategic and lateral thinking, contribution and recommendations given professionally, heading / acting as Member of various Committees etc.

The performance of SMP was measured against their achievement of the business plans approved by the Board during and at the completion of the financial year and their annual 'at-risk' remuneration which reflects their business plan achievements.

NRC has the overall responsibility for evaluating and approving the compensation plans, policies and programmes applicable to the SMP. NRC also delegates its authority to CMD, wherever appropriate, for this purpose.

6.6. Remuneration Policy

The Nomination and Remuneration Policy has been placed on the website of the Company in the link as provided in page no. 76 of this Annual Report.

The salient features of the policy are as follows:

NRC formulates policies to ensure that-

- the level and composition of remuneration are reasonable and sufficient to attract, retain and motivate Director(s) of the quality required to run the Company successfully;
- the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- the remuneration to Director(s), KMP and SMP of the Company involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

6.7. Remuneration to Directors:

Executive Director(s)

The remuneration payable to CMD and JMD is fixed by the Board and are within the limits approved by the shareholders in terms of the relevant provisions of the Act, 2013.

Particulars of remuneration paid to Executive Directors during the financial year 2019-20:

(₹ in lakhs)				
Name of the Directors	Salary and Perquisites	Contribution to PF & Other Funds	Commission	Total
Mr Venu Srinivasan, CMD	78.94	8.67	-	87.61
Dr. Lakshmi Venu, JMD	163.25	15.30	73.00	251.55

There is no separate provision for payment of severance fees. The notice period is mutually agreed between these Directors and the Board. The tenure of office of Executive Directors is for five years from their respective dates of appointment.

The above remuneration to Mr Venu Srinivasan, CMD is notwithstanding his holding similar position in the subsidiary Company, viz., TVS Motor Company Limited (TVSM) and drawing remuneration, as approved by its shareholders, from time to time, provided that the total remuneration drawn by him as CMD from the Company and TVSM does not exceed the higher maximum limit admissible, from any one of these two companies.

The above remuneration to Dr. Lakshmi Venu, JMD is notwithstanding her holding position of Deputy Managing Director (DMD) in TAFE Motors and Tractors Limited (TMTL), as approved by its shareholders, from time to time, provided that the total remuneration drawn by her as JMD and DMD from the Company and TMTL does not exceed the higher maximum limit admissible, from any one of these two companies.

The board also ensured that the aggregate annual remuneration to both CMD and JMD, directors being related to Promoters did not exceed 5 per cent of the net profits of the Company in compliance with Regulation 17 of the Listing Regulations.

Non- Executive / Independent Director(s)

Sitting fees

₹ 10,000/- each is paid to the NE-NIDs and NE-IDs for every meeting of the Board and / or Committee thereof attended by them, which is within the limits, prescribed under the Act, 2013.



**Commission**

The Company benefits from the expertise, advice and inputs provided by NE-IDs. NE-IDs devote their valuable time in deliberating on strategic and critical issues in the course of Board and Committee meetings of the Company and give their valuable advice, suggestions and guidance to the management of the Company, from time to time and hence, NE-IDs are being paid by way of sitting fees and commission.

As approved by the Shareholders through Postal Ballot dated 21<sup>st</sup> June, 2016, Non-Executive and Independent Directors will be paid commission, based on performance of the Company, not exceeding 1% of the net profits of the Company, in aggregate, subject to a maximum, as determined by the Board, for each such Director for every financial year for a period of five years commencing from 1<sup>st</sup> April, 2016. A commission of ₹ 9 lakhs was paid to each such NE-IDs, who serve as members of any one of the Committees of the Company as well and ₹ 7 lakhs to other NE-IDs for the year 2019-20. The amount of commission for every financial year will be decided by the Board, as approved by the shareholders at AGM held on 21<sup>st</sup> June 2016, subject to the limit of 1% of net profits of the Company, in aggregate, as calculated pursuant to Section 198 of the Act, 2013. The above compensation structure is commensurate with the best practices in terms of remunerating NE-IDs and it adequately compensates for the time and contribution made by NE-IDs.

In terms of the amended Listing Regulations, it has also been ensured that the remuneration payable to one NE-ID does not exceed 50% of the total annual remuneration payable to all NE-IDs of the Company.

Presently, the Company does not have a scheme for grant of stock options either to the Directors or employees of the Company.

6.8. Particulars of sitting fees / commission paid to the NE-IDs / NE-NIDs during the financial year 2019-20 are as follows:  
(₹ in lakhs)

Name of the Directors (M/s.)	Sitting fees	Commission	Total
Gopal Srinivasan	0.20	-	0.20
T K Balaji	1.00	-	1.00
Sudarshan Venu	0.40	-	0.40
Vice Admiral P J Jacob (Retd.)	1.50	9.00	10.50
V Subramanian	1.00	9.00	10.00
S Santhanakrishnan	1.40	9.00	10.40
R Vijayaraghavan	1.10	9.00	10.10
Kamlesh Gandhi	0.50	7.00	7.50
R Gopalan	1.10	9.00	10.10
Sasikala Varadachari	0.50	7.00	7.50
<b>Total</b>	<b>8.70</b>	<b>59.00</b>	<b>67.70</b>

6.9. Details of shareholdings of Non-Executive Directors in the Company as on 31<sup>st</sup> March 2020:

None of non-executive directors holds shares in the Company except Mr Gopal Srinivasan, holds 66 shares of the Company, who is related to Mr Venu Srinivasan in terms of Section 2(77) of the Act.

There are no other pecuniary relationships or transactions of the Non-Executive Directors' vis-a-vis of the Company.

**7. Stakeholders' Relationship Committee (SRC)**

7.1. Board at its meeting held on 5<sup>th</sup> February 2020 appointed Mr R Vijayaraghavan, NE-ID of the Company as Chairman of the Committee w.e.f. 20<sup>th</sup> February 2020 in the place of Mr S Santhanakrishnan, who continues to be a member of the Committee.

7.2. The SRC consists of three Members viz., M/s. R Vijayaraghavan and S Santhanakrishnan, NE-IDs and Dr. Lakshmi Venu, Executive and Non-Independent Director. Mr S Santhanakrishnan, the then Chairman of the Committee was present at AGM held on 23<sup>rd</sup> July 2019 to answer shareholders' queries.

7.3. As required by the Listing Regulations, Mr R Raja Prakash, Company Secretary is the Compliance Officer of the Company, who oversees the redressal of investor grievances. For any clarification / complaint, the shareholders may contact the Company Secretary.

7.4. The particulars of meetings and attendance by the members of the Committee, during the year under review, are given in the table below:

Date of the meeting	Members present (M/s.)
02.05.2019	S Santhanakrishnan, R Vijayaraghavan and Dr. Lakshmi Venu
23.07.2019	S Santhanakrishnan and R Vijayaraghavan
18.10.2019	
05.02.2020	S Santhanakrishnan, R Vijayaraghavan and Dr. Lakshmi Venu

7.5. SRC oversees and reviews all the matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. SRC also looks into various aspects of interests:

- The transfer / transmission of shares, non-receipt of Annual Report, non-receipt of declared dividends, issue of new / duplicate certificates and related activities.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered Share Transfer Department.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports / statutory notices by the shareholders of the Company.

The Company, in order to expedite the process of share transfers, delegated the power of share transfers to an officer of the in house Share Transfer Department. The Company, as a matter of policy, disposes off investors' complaints within a span of seven days.

**7.6. Complaints received and redressed during the year 2019-20:**

S.No.	Nature of complaints	No. of complaints
1.	Non receipt / Credit of dividend warrants	1
2.	Non-receipt of share certificates	4
3.	Non-receipt of physical documents / Others	4
	Total	9

7.7. All the queries and complaints received during the financial year ended 31<sup>st</sup> March 2020, were duly redressed and no queries are pending at the year end.

All requests for dematerialization of shares were carried out within the stipulated time period and no request for dematerializing the share certificates were pending as on 31<sup>st</sup> March 2020.

**7.8. Reconciliation of Share Capital Audit:**

A Practising Company Secretary carries out a Reconciliation of Share Capital (RSC) Audit on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The report is being regularly placed before the Board for its perusal on a quarterly basis.

The RSC audit reports confirmed that the total issued and listed capital was in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**8. Corporate Social Responsibility Committee (CSR)**

The CSR Committee consists of three Directors viz., M/s Venu Srinivasan, Dr. Lakshmi Venu and Vice Admiral P J Jacob. Mr Venu Srinivasan is the Chairman of the Committee.

The details of CSR Policy, initiatives and spending are spelt out as Annexure - IV to the Directors Report.

During the year, the Committee met on 2<sup>nd</sup> May 2019 and all the members were present at the meeting.

**9. Administrative Committee**

The Administrative Committee consist of three Directors viz., M/s Venu Srinivasan, Gopal Srinivasan and T K Balaji. Mr Venu Srinivasan is the Chairman of the Committee.

The particulars of meetings and attendance by the Members of the Committee, during the year under review, are given in the table below:

Date of the meeting	Members present (M/s.)
02.05.2019	Venu Srinivasan and T K Balaji
14.08.2019	
05.02.2020	Venu Srinivasan and Gopal Srinivasan

**10. General body meeting**

10.1 Location and time where the AGMs were held during the last three years:

Year	Location	Date	Time
2016-17	The Music Academy, New No.168 (Old No. 306) TTK Road, Royapettah, Chennai - 600 014	19.07.2017	10.00 A.M.
2017-18		20.08.2018	10.25 A.M.
2018-19		23.07.2019	10.35 A.M.

10.2 Special resolutions passed in the previous three AGMs:

During the last three years, namely 2016-17 to 2018-19, approvals of the shareholders were obtained by passing special resolutions as follows:

Year	Subject matter of the special resolution	Date of AGM
2016-17	Nil	19.07.2017
2017-18	Appointment of Mr K Mahesh as a Non-Executive Director of the Company	20.08.2018
2018-19	Re-appointment of Vice Admiral P J Jacob, Mr V Subramanian, Mr S Santhanakrishnan, Mr R Vijayaraghavan, Mr Kamlesh Gandhi, Mr R Gopalan, Independent Directors for the second term.	23.07.2019

10.3 Postal Ballot

The Board sought the consent of shareholders of the Company by way of ordinary resolution through Postal Ballot as per the notice issued to the shareholders on 5<sup>th</sup> February 2020, for approving the re-appointment of Dr. Lakshmi Venu as JMD for a further period of five years from 22<sup>nd</sup> March 2020.

The ordinary resolution was passed by the Shareholders of the Company with requisite majority.

The results of the Postal Ballot are given below:

No. / % of votes cast in favour		No. / % of votes cast against	
1,79,40,958	99.96%	7,404	0.04%

10.4 Person who conducted the Postal Ballot exercise

B Chandra & Associates, Practising Company Secretaries were appointed to act as the scrutinizers for conducting the Postal Ballot and e-Voting.

10.5 Procedure for Postal Ballot

- The Board of Directors, vide resolution dated 5<sup>th</sup> February 2020, had appointed B Chandra & Associates, Practising Company Secretaries as the scrutinizer.
- The dispatch of the Postal Ballot Notice dated 5<sup>th</sup> February 2020 together with Explanatory Statement was completed on 13<sup>th</sup> February 2020 along with forms and postage prepaid business envelopes to all the shareholders whose name(s) appeared on the Register of Members / list of beneficiaries as on 7<sup>th</sup> February 2020.
- The said Notice of Postal Ballot has been sent on 13<sup>th</sup> February 2020 in electronic mode to the Members, whose

## Sundaram-Clayton Limited

e-mail IDs were registered with the Company or the Depository Participants.

4. The voting under the Postal Ballot was kept open from Monday, 17<sup>th</sup> February, 2020 at 9.00 A.M. (IST) to Tuesday, 17<sup>th</sup> March 2020, at 5.00 P.M. (IST). (either physically or electronically).
  5. The Postal Ballot forms were kept under the safe custody of the Scrutinizer.
  6. All Postal Ballot forms received by the scrutinizer up to 5.00 p.m. on 17<sup>th</sup> March 2020 have been considered for scrutiny.
- 10.6 None of the subjects placed before the shareholders in the last / ensuing AGM required/ requires approval by Postal Ballot. However, in terms of the Regulation 44 of the Listing Regulations and Section 108 of the Act read with the Companies (Management and Administration) Rules, 2014, the Company provided to the members facility to exercise their right to vote through remote e-Voting and through Ballot Paper at the meeting for all the items at the AGM held on 23<sup>rd</sup> July 2019.

### 11. Means of communication to shareholders

The Board believes that effective communication of information is an essential component of corporate governance. The Company regularly interacts with Shareholders through multiple channels of communication such as results announcement, annual report, media releases, the Company's website and specific communications to Stock Exchanges, where the Company's shares are listed.

#### 11.1 Quarterly results:

The unaudited quarterly financial results of the Company were published in English and regional newspapers.

#### 11.2 Newspapers wherein results are normally published:

The results are normally published in English Newspapers viz., The Hindu, Business Line, Economic Times and Regional Newspaper viz., Dinamani.

#### 11.3 Website:

The Company has in place a website addressed as [www.sundaram-clayton.com](http://www.sundaram-clayton.com). This website contains the basic information about the Company, viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company, who are responsible for assisting and handling investor grievances, such other details as may be required under Regulation 46 of the Listing Regulations. The Company ensures that the contents of this website are periodically updated.

#### 11.4 Press Release & Investor / Analysts meet:

In addition, the Company makes use of this website for publishing official news release and presentations, if any, made to institutional investors / analysts.

### 12. General shareholder information

#### 12.1 Annual General Meeting:

Date and time : 30<sup>th</sup> July 2020, Thursday at 10.00 A.M.  
Through Video Conferencing / Other Audio Visual Means

#### 12.2 Financial year : 1<sup>st</sup> April to 31<sup>st</sup> March

Financial calendar : 2020-21

Financial reporting for the quarter ending:

30<sup>th</sup> June 2020 : Before 14<sup>th</sup> August 2020

30<sup>th</sup> September 2020 : Before 14<sup>th</sup> November 2020

31<sup>st</sup> December 2020 : Before 14<sup>th</sup> February 2021

31<sup>st</sup> March 2021 : Before 30<sup>th</sup> May 2021

#### 12.3 Particulars of dividend payment:

Particulars of dividend declaration / payment are disclosed in the Directors' Report. Dividends were declared in compliance with the Dividend Distribution Policy of the Company.

Dividend distribution policy

SEBI vide its circular No. SEBI/ LAD-NRO/ GN/2016-17/008 dated 8<sup>th</sup> July 2016 mandated the top 500 listed companies based on the market capitalization to formulate Dividend Distribution Policy which shall be disclosed in their annual reports and on their websites.

The Dividend Distribution Policy is available on the company's website in the link as provided in page no. 76 of this Annual Report.

#### 12.4 Listing on Stock Exchanges:

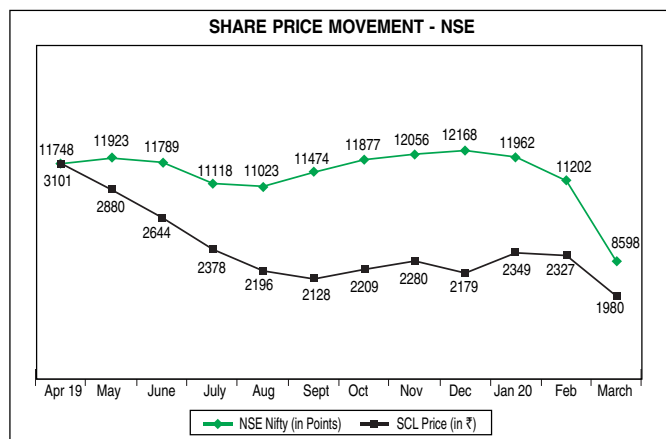
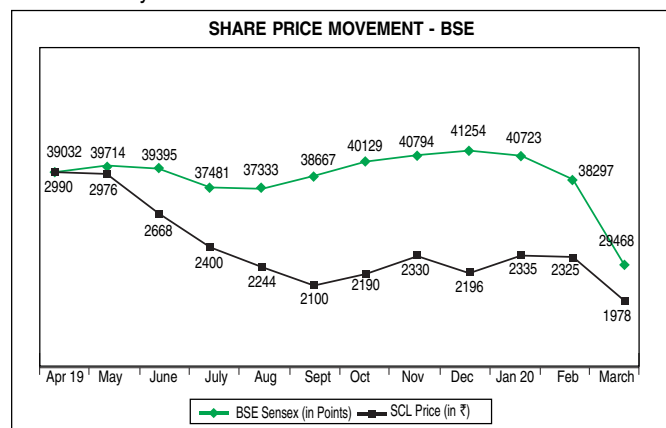
Name of the Stock Exchange	Stock code / symbol
BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001, India Tel.: 91 22 2272 1233 Fax : 91 22 2272 1919	520056
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India Tel.: 91 22 2659 8100 Fax : 91 22 2659 8120	SUNCLAYLTD
ISIN allotted by Depositories (Company ID Number)	INE105A01035

(Note: Annual listing fees and custodial charges for the year 2020-21 were duly paid to the above Stock Exchanges and Depositories viz., NSDL and CDSL)

**12.5 Market Price Data: (in ₹)**

Month	BSE		NSE	
	High	Low	High	Low
April 2019	3101	2715	2990	2680
May	2880	2413	2976	2400
June	2644	2264	2668	2261
July	2378	2075	2400	2091
August	2196	1663	2244	1700
September	2128	1756	2100	1781
October	2209	1766	2190	1761
November	2280	1952	2330	2010
December	2179	2001	2196	2008
January 2020	2349	2000	2335	2021
February	2327	1941	2325	1946
March	1980	1010	1978	971

**12.6 Share price performance in comparison to broad based indices - NSE Nifty and BSE Sensex:**



**12.7 Share Transfer Agents and share transfer system:**

- a. The Company has registered itself with SEBI as Share Transfer Agent (STA) in Category II.
- b. All matters connected with the share transfer, dividends and other matters are being handled by the share transfer department of the Company located at the address mentioned elsewhere in this Report.
- c. Shares lodged for transfers are normally processed within 15 days from the date of lodgement, if the documents are clear in all respects.
- d. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Grievances received from investors are processed by STD within 7 days. Other miscellaneous correspondence relating to change of addresses, mandates etc., is processed by STD within 15 days.
- e. Certificates are being obtained and submitted to the Stock Exchanges, on half-yearly basis, from a company secretary-in-practice towards due compliance of share transfer formalities by the Company within the due dates, in terms of Regulation 40(9) of the Listing Regulations.
- f. Certificates have also been received from a company secretary-in-practice and submitted to the Stock Exchanges, on a quarterly basis, for timely dematerialization of shares of the Company and for reconciliation of the share capital of the Company, as required under SEBI (Depositories and Participants) Regulations, 1996.
- g. The Company, as required under Regulation 6(2)(d) of the Listing Regulations, has designated the e-mail ID, namely [icsta@scl.co.in](mailto:icsta@scl.co.in) for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.
- h. A certificate signed by the Company Secretary and Assistant General Manager - Shares towards maintenance of share transfer facility by Share Transfer Department in compliance with Regulation 7(3) of the Listing Regulations was prepared and submitted to the Stock Exchanges.
- i. Shareholders are, therefore, requested to correspond with the Share Transfer Department for transfer / transmission of shares, change of address and queries pertaining to their shareholding, dividend, etc., at their address given in this Report.

## Sundaram-Clayton Limited

### 12.8 Shareholding pattern of the Company as on 31<sup>st</sup> March 2020:

Category of Shareholder	No. of shares held	%
<b>Promoter and Promoter Group</b>		
Bodies Corporate	1,51,74,060	75.00
<b>Total (A)</b>	<b>1,51,74,060</b>	<b>75.00</b>
<b>Public Shareholding</b>		
Mutual Funds	24,80,358	12.26
Banks/ Financial Institutions	1,044	0.01
Insurance Companies	5,34,035	2.64
Foreign Institutional Investors	1,50,283	0.74
Alternate Investment Fund	34,568	0.17
<b>Total Institutions (B)</b>	<b>32,00,288</b>	<b>15.82</b>
Bodies Corporate	1,61,355	0.81
Individuals holding nominal capital in excess of ₹ 2 lakhs	1,94,110	0.95
Individuals holding nominal capital upto ₹ 2 lakhs	14,23,314	7.02
Foreign National (IND)	83	-
NRI Repatriable	17,836	0.09
NRI Non - Repatriable	23,862	0.12
Directors & their relatives	1,162	0.01
Clearing Members	9,242	0.05
LLP	26,773	0.13
<b>Total Non-Institutions (C)</b>	<b>18,57,737</b>	<b>9.18</b>
<b>Total Public Shareholding [D=(B+C)]</b>	<b>50,58,025</b>	<b>25.00</b>
<b>Grand Total (A+D)</b>	<b>2,02,32,085</b>	<b>100.00</b>

### 12.9 Distribution of Shareholding as on 31<sup>st</sup> March 2020:

Shareholding (Range)	No of shares	%	No of members	%
Upto 500	11,08,746	5.48%	17,914	98.32%
501-1000	1,16,768	0.58%	162	0.89%
1001-2000	82,047	0.41%	59	0.32%
2001-5000	1,11,722	0.55%	34	0.19%
5001-10000	1,38,324	0.68%	20	0.11%
10001 & above	1,86,74,478	92.30%	31	0.17%
<b>Total</b>	<b>2,02,32,085</b>	<b>100.00%</b>	<b>18,220</b>	<b>100.00%</b>

### 12.10 Dematerialization of shares and liquidity:

The promoter holding consisting of 1,51,74,060 equity shares of ₹ 5/- each is in dematerialized form. Out of the balance 50,58,025 equity shares of ₹ 5/- each held by persons other than promoters 49,35,769 equity shares have been dematerialized as on 31<sup>st</sup> March, 2020 accounting for 99.40%.

### 12.11. The Company has not issued any Global Depository Receipt / American Depository Receipt / Warrant or any convertible

instrument, which is likely to have impact on the Company's Equity.

### 12.12 Other Disclosures

- Pecuniary relationships or transactions with NE-IDs vis-a-vis the Company during the year under review, do not exceed the threshold limit as laid down under the Listing Regulations and same have been reported in the notes to the accounts.
- During the year, there were no materially significant transactions with related parties that may have potential conflict with the interests of the Company at large.
- Company is a net exporter. Company has a forex hedging policy and covers are appropriately taken to cover the currency risk. The exposure and cover taken are reviewed by the Audit Committee on regular basis.
- Company is not a dealer in Commodities. Prices payable to vendors for raw materials and components are negotiated based on internationally available data. Cost of manufacture of all products are reviewed at regular intervals and wherever required suitable price changes in two-wheeler and three-wheeler are done based on market conditions.

The Company has not entered into any commodity derivatives with any of the bankers and hence the disclosure of exposure in commodity risks faced by the Company is not required, as directed in the SEBI Circular dated 15<sup>th</sup> November 2018.

### 12.13 Plant locations:

- Chennai : Padi, Chennai - 600 050  
Tamil Nadu, India  
Tel. : 044 - 2625 8212  
[corpsec@scl.co.in](mailto:corpsec@scl.co.in)
- Mahindra World City : Plot No. AA5, VI Avenue,  
Auto Ancillary SEZ,  
Mahindra World City, Chengalpattu  
Kancheepuram District - 603 004  
Tamil Nadu, India  
Tel. : 044 - 4749 0049  
[corpsec@scl.co.in](mailto:corpsec@scl.co.in)
- Oragadam : Plot No. B-14,  
SIPCOT Industrial Growth Centre  
Sriperumbudur Taluk,  
Kancheepuram District - 602 105  
Tel. : 044 - 6710 3300  
[corpsec@scl.co.in](mailto:corpsec@scl.co.in)
- Hosur : Hosur - Thally Road,  
Belagondapalli,  
Hosur - 635 114  
Tamil Nadu, India  
Tel. : 04347 - 233445  
[corpsec@scl.co.in](mailto:corpsec@scl.co.in)



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### 12.14 Address for investors correspondence :

(i) For transfer / dematerialisation of shares, payment of dividend on shares and any other query relating to the shares of the Company	Sundaram-Clayton Limited Share Transfer Department "Jayalakshmi Estates", 1 <sup>st</sup> Floor, No.29, Haddows Road, Chennai 600 006
(ii) for any query on non-receipt of annual report	Email : <a href="mailto:arockiaraj@scl.co.in">arockiaraj@scl.co.in</a> <a href="mailto:sclshares@gmail.com">sclshares@gmail.com</a>
(iii) for Investors grievance & general correspondence	Email : <a href="mailto:corpsec@scl.co.in">corpsec@scl.co.in</a> <a href="mailto:icsta@scl.co.in">icsta@scl.co.in</a>

### 12.15 List of Credit Ratings:

The Company is maintaining the existing credit rating obtained from CRISIL Rating Limited viz., CRISIL AA- for long term borrowings and CRISIL A1+ for short term borrowings.

### 12.16 Certificate from Practicing Company Secretary:

The Company has received a certificate from the Secretarial Auditor of the Company stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

### 12.17 Fees paid to Statutory Auditor on a consolidated basis:

During the year, the Company has paid ₹ 118 lakhs to the Statutory Auditors for all services received by the listed entity and its subsidiaries, if any on a consolidated basis.

### 12.18 Sexual Harassment at workplace:

During the year under review, the Company has not received any complaints in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### 12.19 Disclosure on compliance with the issue of Debt securities for incremental borrowings by Large Corporates:

As on 31<sup>st</sup> March 2019, Company has been considered as a "Large Corporate" (LC) and is required to raise not less than 25% of its incremental borrowings, during the financial year, by way of issuance of debt securities. This was made mandatory effective FY 2022 and till such period the Company is required to explain the reasons for not complying with.

During the year, the Company has not availed any additional long term additional credit facility. The Company has only availed the balance soft-loan from SIPCOT (Govt. of Tamil Nadu), based on the satisfaction of specific criteria as per the agreement entered with it and the quantum avail during the year is small.

## 13. Non-mandatory disclosures

The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below:

### 13.1 The Board:

Since the Chairman of the Company is Executive, disclosure under this head is not mandatory. The NE-NIDs of the Company are liable to retire by rotation and if eligible, offer themselves for re-appointment. Specific tenure has been fixed for the NE-IDs in terms of Section 149 of the Act and during this period, they will not be liable to 'retire by rotation' as per Sections 150(2), 152(2) read with Schedule IV to the Act, 2013.

### 13.2 Shareholder rights:

The half-yearly results of the Company are published in newspapers as soon as they are approved by the Board and are also uploaded on the Company's website namely [www.sundaram-clayton.com](http://www.sundaram-clayton.com). The results are not sent to the shareholders individually.

### 13.3 Audit qualifications:

The financial statements of the Company are unmodified.

### 13.4 Reporting of internal auditor:

The internal auditor is regularly reporting his observations directly to the audit committee.

## 14. Request to shareholders

Shareholders are requested to follow the general safeguards / procedures as detailed hereunder in order for the Company to serve them efficiently and avoid risks while dealing in securities of the Company.

### 14.1 Demat of Shares:

Shareholders are requested to convert their physical holding to demat / electronic form through any of the DPs to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.

### 14.2 Registration of Electronic Clearing Service (ECS) mandate:

SEBI has made it mandatory for all companies to use the bank account details furnished by the Depositories for payment of dividend through ECS to investors wherever ECS and bank details are available. The Company will not entertain any direct request from members holding shares in electronic mode for deletion of / change in such bank details. Members who wish to change such bank account details are therefore requested to advise their DPs about such change, with complete details of bank account.

ECS helps in quick remittance of dividend without possible loss / delay in postal transit. Shareholders, who have not earlier availed this facility, are requested to register their ECS details with the Share Transfer Department or their respective DPs.

### 14.3 Transfer of shares in physical mode:

SEBI has amended relevant provisions of the Listing Regulations to disallow listed companies from accepting



request for transfer of securities which are held in physical form with effect from April 1,2019.

The shareholders, who continue to hold shares in physical form even after this date, will not be able to lodge the shares with the company for further transfer. Therefore, such shareholders will need to convert them to demat form compulsorily if they wish to effect any transfer. Only the requests for transmission and transposition of securities in physical form will be accepted by the Company.

**14.4 Consolidation of Multiple Folios:**

Shareholders, who have multiple folios in identical names, are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.

**14.5 Registration of Nominations:**

Nomination in respect of Shares, as per Section 72 of the Act provides facility for making nominations by Shareholders in respect of their holding of Shares. Such nomination greatly facilitates transmission of Shares from the deceased Shareholder to his / her nominee without having to go through the process of obtaining succession certificate / probate of the Will, etc.

It would therefore be in the best interest of the shareholders holding shares in physical form registered as a sole holder to make such nominations. Shareholders, who have not availed nomination facility, are requested to avail the same by submitting the nomination in Form SH-13. This form will be made available on request. Investors holding Shares in demat form are advised to contact their DPs for making nominations.

**14.6 Updation of address:**

Shareholders are requested to update their addresses registered with the Company, directly through the Share Transfer Department, to receive all communications promptly.

Shareholders, holding Shares in electronic form, are requested to deal only with their DPs in respect of change of address and furnishing bank account number, etc.

**14.7 SMS Alerts:**

Shareholders are requested to note that NSDL and CDSL have announced the launch of SMS alert facility for demat account holders whereby Shareholders will receive alerts for debits / credits (transfers) to their demat accounts a day after the transaction. These alerts will be sent to those account holders who have provided their mobile numbers to their DPs. No charge will be levied by NSDL / CDSL on DPs providing this facility to investors. This facility will be available to investors who request for the same and provide their mobile numbers to the DPs. Further information is available on the website of NSDL and CDSL namely [www.nsd.co.in](http://www.nsd.co.in) and [www.cdslindia.com](http://www.cdslindia.com) respectively.

**14.8 Timely encashment of dividends:**

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation.

As required by SEBI, Shareholders are requested to furnish details of their bank account number and name and address of the bank for incorporating the same in the warrants. This would avoid wrong credits being obtained by unauthorized persons.

Shareholders are requested to note that the dividends, not claimed for a period of seven years from the date they first became due for payment, shall be transferred to IEPF in terms of Section 124(6) of the Act read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. Accordingly, a sum of ₹ 12.76 lakhs, being unclaimed dividend, was transferred to IEPF during the year 2019-20.

Shareholders, who have not encashed their dividend warrants, in respect of 1<sup>st</sup> interim dividend declared for the year ended 31<sup>st</sup> March, 2014 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

**INFORMATION IN RESPECT OF UNCLAIMED DIVIDENDS DUE FOR REMITTANCE INTO IEPF IS GIVEN BELOW**

**Particulars of unclaimed dividend of the Company:**

Financial Year	Date of declaration	Date of transfer to special account	Due date for transfer to IEPF
2012-2013 (2 <sup>nd</sup> interim)	08-05-2013	06-06-2013	06-06-2020
2013-2014 (1 <sup>st</sup> interim)	29-10-2013	27-11-2013	27-11-2020
2013-2014 (2 <sup>nd</sup> interim)	18-03-2014	16-04-2014	16-04-2021
2013-2014 (3 <sup>rd</sup> interim)	14-05-2014	12-06-2014	12-06-2021
2014-2015 (1 <sup>st</sup> interim)	04-02-2015	05-03-2015	05-03-2022
2014-2015 (2 <sup>nd</sup> interim)	20-03-2015	18-04-2015	18-04-2022
2014-2015 (3 <sup>rd</sup> interim)	08-05-2015	07-06-2015	17-06-2022
2015-2016 (1 <sup>st</sup> interim)	09-02-2016	10-03-2016	10-03-2023
2015-2016 (2 <sup>nd</sup> interim)	14-03-2016	13-04-2016	13-04-2023
2016-2017 (1 <sup>st</sup> interim)	03-11-2016	03-12-2016	03-12-2023
2016-2017 (2 <sup>nd</sup> interim)	13-03-2017	12-04-2017	12-04-2024
2017-2018 (interim)	15-03-2018	14-04-2018	14-04-2025
2018-2019 (1 <sup>st</sup> interim)	25-01-2019	24-02-2019	24-02-2026
2018-2019 (2 <sup>nd</sup> interim)	11-03-2019	10-04-2019	10-04-2026
2019-2020 (Interim)	10-03-2020	09-04-2020	09-04-2027

## Sundaram-Clayton Limited

### 15. Unclaimed share certificates

Pursuant to the requirement of Regulation 34(3) and Schedule V Part F of Listing Regulations, the following table provides details in respect of the equity shares lying in the suspense account. The Company has already sent three reminders to the shareholders for claiming those shares at their latest available address(es) with the Company or Depository, as the case may be.

All the corporate benefits in terms of securities accruing on those shares like bonus shares, split etc would also be credited to unclaimed suspense account of the Company. The voting rights on shares lying in unclaimed suspense account shall remain frozen till the rightful owner claims the shares.

Details	No. of shareholders	No. of shares
Number of shares in the unclaimed suspense account as on 31 <sup>st</sup> March 2019	444	28,303
Number of shares transferred to the shareholders on request from 1 <sup>st</sup> April 2019 to 31 <sup>st</sup> March 2020	11	975
Number of shares in the unclaimed suspense account as on 31 <sup>st</sup> March 2020	433	27,328

### Compliance with Code of Business Conduct and Ethics

To

The Shareholders of Sundaram-Clayton Limited,  
Chennai

On the basis of the written declarations received from Members of the Board and Senior Management Personnel in terms of the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, it is hereby certified that both the Members of the Board and the Senior Management Personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the Board for the year ended 31<sup>st</sup> March 2020.

Chennai  
29<sup>th</sup> May 2020

VENU SRINIVASAN  
Chairman & Managing Director

### Auditors' certificate on compliance of the provisions of the Code of Corporate Governance

To

The Shareholders of Sundaram-Clayton Limited,  
Chennai

We have examined the compliance of conditions of Corporate Governance by Sundaram-Clayton Limited, Chennai - 600 006 ('the Company') for the year ended 31<sup>st</sup> March 2020 as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Listing Regulations].

The compliance of conditions of Corporate Governance is the responsibility of Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of accounts and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate governance requirements by the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

Bengaluru  
29<sup>th</sup> May 2020

## ***Sundaram-Clayton Limited***

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### **CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE**

*(In terms of Regulation 34(3) read with Schedule V Para C(10)(i) to the Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015*

To

The Member of  
Sundaram-Clayton Limited  
"Chaitanya", No. 12, Khader Nawaz Khan Road,  
Nungambakkam, Chennai - 600 006, Tamil Nadu, India.

Dear Sir

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of SUNDARAM-CLAYTON LIMITED having CIN L35999TN1962PLC004792 and having registered office at "Chaitanya", No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006, Tamil Nadu, India.(hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company for the Financial Year ended on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

B Chandra  
Practising Company Secretary  
ACS No.: 20879  
CP No.: 7859  
UDIN: A020879V000295846

Place : Chennai  
Date : 29<sup>th</sup> May 2020

## ***Sundaram-Clayton Limited***

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### **Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification**

To

The Board of Directors  
Sundaram-Clayton Limited

We certify that we have reviewed the financial statements prepared based on the Indian Accounting Standards for the year ended 31<sup>st</sup> March 2020 and to the best of our knowledge and belief:

- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (2) these statements together present a true and fair view of the Company's affairs and are in compliance with applicable Indian Accounting Standards, Laws and Regulations.
- (3) no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.
- (4) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- (5) We have indicated to the Auditors and the Audit Committee:
  - (1) significant changes, if any, in internal control over financial reporting during the year;
  - (2) significant changes in accounting policies, if any, during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) that there were no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

VENU SRINIVASAN  
Chairman & Managing Director

K GOPALA DESIKAN  
Chief Financial Officer

Place : Chennai

Date : 29<sup>th</sup> May 2020

## ***Sundaram-Clayton Limited***

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### **LINKS TO COMPANY'S POLICIES:**

1. **TERMS OF APPOINTMENT OF IDS**  
<https://www.sundaram-clayton.com/Investor/Terms-of-Appointment-IDs.pdf>
2. **BUSINESS RESPONSIBILITY REPORT**  
<https://www.sundaram-clayton.com/Reports/SCL%20-%20Business%20Responsibility%20Report%202019-20.pdf>
3. **POLICY ON VIGIL MECHANISM / WHISTLE BLOWER POLICY**  
<https://www.sundaram-clayton.com/Investor/16042020/WhistleBlowerPolicy.pdf>
4. **ANNUAL RETURN**  
<https://www.sundaram-clayton.com/Reports/SCL%20-%20Annual%20Return%202019-20.pdf>
5. **CSR POLICY**  
<https://www.sundaram-clayton.com/Investor/16042020/CorporateSocialResponsibilityPolicy.pdf>
6. **DIRECTORS FAMILIARIZATION PROGRAM**  
<https://www.sundaram-clayton.com/Investor/Familirisation-Program.pdf>
7. **CODE OF BUSINESS CONDUCT AND ETHICS**  
<https://www.sundaram-clayton.com/Investor/16042020/CodeofBusinessConductandEthics.pdf>
8. **MATERIAL SUBSIDIARIES POLICY**  
<https://www.sundaram-clayton.com/Investor/16042020/MaterialSubsidiarPolicy.pdf>
9. **RELATED PARTY TRANSACTION POLICY**  
<https://www.sundaram-clayton.com/Investor/16042020/RelatedPartyTransactionsPolicy.pdf>
10. **NOMINATION AND REMUNERATION POLICY**  
<https://www.sundaram-clayton.com/Investor/16042020/NominationandRemunerationPolicy.pdf>
11. **DIVIDEND DISTRIBUTION POLICY**  
<https://sundaram-clayton.com/Investor/16042020/DividendDistributionPolicy.pdf>

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2020**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members of  
Sundaram-Clayton Limited,  
"Chaitanya", No.12, Khader Nawaz Khan Road,  
Nungambakkam, Chennai - 600 006.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by M/s Sundaram-Clayton Limited bearing CIN L35999TN1962PLC004792 (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I here by report that, in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2020, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015;

c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

d. The Securities and Exchange Board of India (Listing obligations and Disclosure requirements) Regulations 2015;

I am informed that the company, during the year, was not required to comply with the following regulations and consequently not required to maintain any books, papers, minute books or other records or file any forms/ returns under:

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018;
- b. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- c. The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations 2008;
- d. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018;
- e. Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;

(vi) In addition to the compliance with Factory and Labour Laws as is applicable to a factory, based on the study of the systems and processes in place and a review of the reports of (1) the heads of the Departments (2) Occupier / Manager of the factories located in Padi, Mahindra World City, Oragadam and Hosur Units which manufacture aluminium pressure die castings for heavy commercial vehicles., passenger cars and two wheelers(3) the compliance reports made by the functional heads of various departments which are submitted to the Board of Directors of the Company (4) the Internal Audit Reports submitted to the Company, I report that the Company has complied with the provisions of the following industry specific statutes and the rules made thereunder as well as other laws to the extent it is applicable to them:

1. Motor Vehicles Act, 1988
2. The Motor Transport Workers Act, 1961
3. The Explosive Act, 1884
4. The Petroleum Act, 1934
5. The Environment (Protection) Act, 1986
6. The Water (Prevention and Control of Pollution) Act, 1974
7. The Air (Prevention and Control of Pollution) Act, 1981



## Sundaram-Clayton Limited

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I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least

seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- Based on the minutes made available to us, I report that majority decision is carried through and that there were no dissenting votes from any Board member that was required to be captured and recorded as part of the minutes.
- I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor, report deviations, if any, to the Board, take corrective actions and ensure compliance with applicable laws, rules, regulations and guidelines.

B Chandra  
Practising Company Secretary  
ACS No.: 20879  
C P No.: 7859  
UDIN : A020879V000295846

Place : Chennai  
Date : 29<sup>th</sup> May, 2020

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### Annexure – A to Secretarial Audit Report of even date

- To,  
The Members of  
Sundaram-Clayton Limited,  
"Chaitanya", No.12, Khader Nawaz Khan Road,  
Nungambakkam, Chennai - 600 006.
- Our report of even date is to be read along with this letter.
1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
  2. I have followed the audit practices and processes as were appropriate, also taking into account the peculiar circumstances leading to the national lockdown imposed by the Government of India due to the pandemic, to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for our opinion.
  3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
  4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
  5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
  6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

B Chandra  
Practising Company Secretary  
ACS No.: 20879  
C P No.: 7859  
UDIN: A020879V000295846

Place : Chennai  
Date : 29<sup>th</sup> May, 2020

**Standalone Financial Statements  
of  
Sundaram-Clayton Limited**

**Independent Auditor's Report for the year ended 31<sup>st</sup> March 2020**

To the Members of  
**Sundaram-Clayton Limited**

**Report on the Audit of the Standalone IND AS Financial Statements**

**Opinion**

We have audited the standalone financial statements of Sundaram-Clayton Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the company as at 31<sup>st</sup> March 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S.No.	Key Audit Matter	Auditor's Response
1	<b>Application of IND AS 116</b> From 1 <sup>st</sup> April 2019, IND AS 116 has to be applied on all applicable leasing contracts with the application and appropriate	<b>Principal Audit Procedures</b> The company has employed an external agency to assist with the transition into IND AS 116 during the financial year and has

S.No.	Key Audit Matter	Auditor's Response
	accounting treatment of identifying lease liability, right to use asset, interest on such lease.	extensively documented, for each of its leases, based on a policy of general materiality, the applicability or non-applicability of the standard, to such lease.  We have verified the new leases during the year for new assets leased during the year and have found that the approach applied is consistent to the policy in place and also in line with the requirements of the standard.  The company has had modifications in lease by way of changes in lease period. The company has appropriately treated this in the book of accounts with proper recognition of lease liability.  We have also performed an independent verification of the calculation of the lease liability, interest on lease and right to use assets based on the information made available to us and found the results satisfactory.

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Management and Board of Directors, for the Standalone Financial Statements**

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true

and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher, than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are

also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance, a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter, or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

As required by the Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose our audit.
- (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss(including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with books of accounts.
- (d) In our opinion, the aforesaid standalone financial statements comply with Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014.
- (e) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2020 from being appointed as directors in term of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over the financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:  
  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- (h) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on the financial position in its standalone financial statements- Refer Note 37(i) to the financial statements;
  - ii. The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, the Investor Education and Protection Fund by the Company.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

V. SATHYANARAYANAN  
Partner

Place : Bengaluru  
Date : 29<sup>th</sup> May 2020

Membership No. 027716  
UDIN : 20027716AAAAFL4375

**Annexure'A' to Independent Auditors' Report - 31<sup>st</sup> March 2020 (Referred to in our report of even date)**

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- (b) Fixed assets are physically verified by the management in accordance with a regular programme at reasonable intervals. In our opinion the interval is reasonable having regard to the size of the company and nature of its assets. No material discrepancies have been noticed on such verifications;
- (c) The title deeds of the immovable properties of the company are held in the name of the company;
- ii) The inventory, other than in-transit, has been physically verified at reasonable intervals during the year under review by the management. The discrepancies noticed between the book stock and physical stock were not material and have been properly dealt with in the books of accounts.  
In respect of inventories with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties;
- iii) During the year, the Company has not granted any loan to a company, firm or other parties covered in the register maintained under Section 189 to the Companies Act 2013;
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments, as applicable. The company has not provided any guarantees or securities;
- v) The Company has not accepted any deposits from the public within the meaning of Section 73 to 76. Hence, reporting under sub-clause (v) of paragraph 3 of the Order is not applicable to the company;
- vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government under Section 148(1) of the Companies Act, 2013 for the maintenance of cost records and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) (a) According to the information and explanation given to us, and on the basis of our examination of the records of the company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, Income-tax, sales-tax, custom

duty, excise duty, service tax, value added tax, cess, goods and services tax and any other material statutory dues with the appropriate authorities except for few marginal delays;

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, custom duty, excise duty, service tax, value added tax, cess, goods and services tax, were in arrears as at 31<sup>st</sup> March 2020 for a period of more than six months from the date they became payable;
- (c) According to the information and explanations given to us, following are the details of the disputed dues that were not been deposited on account of any dispute as on 31<sup>st</sup> March 2020:

Nature of Duty / Tax under Dispute	Amount Involved (Rs. in crores)	Forum where dispute is pending
Central Excise	1.41	Central Excise and Service Tax Appellate Tribunal
Service Tax	1.40	Central Excise and Service Tax Appellate Tribunal
VAT	0.03	Tamil Nadu Sales Tax Appellate Tribunal
Income tax	0.11	Commissioner of Income Tax (Appeals)

- viii) Based on our verification and according to the information and explanations given by the management, the company has not defaulted in repayment of dues to its banks or to the Government. The Company has not borrowed from any financial institution nor has issued any debentures.
- ix) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence, reporting on utilization of such money does not arise;
- (b) In our opinion and according to the information and explanations given to us, the term loans availed by the Company have been utilised for the purpose for which they were obtained;
- x) Based on the audit procedures adopted and the information and explanation given to us, no fraud by the Company or on the Company has been noticed or reported during the course of our audit;



## **Sundaram-Clayton Limited**

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- xi) In our opinion and according to the information and explanations given to us, Managerial remuneration paid/provided are in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act;
- xii) The Company is not a Nidhi Company and as such this clause of the order is not applicable;
- xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Section 177 and 188 of the Act and details of such transactions have been disclosed in standalone Ind AS financial statements as required by the applicable accounting standards;
- xiv) According to the information and explanation given to us and in our opinion, the company has not made any preferential or private placement of shares or fully or partly convertible debentures during the year under review;
- xv) According to the information and explanation given to us and in our opinion, the company has not entered into any non-cash transactions with directors or persons connected with them;
- xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank Act, 1934.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

V. SATHYANARAYANAN  
Partner

Place : Bengaluru  
Date : 29<sup>th</sup> May 2020

Membership No. 027716  
UDIN : 20027716AAAAFL4375

**Annexure 'B' to the Independent Auditors' Report for the year ended 31<sup>st</sup> March 2020**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Sundaram-Clayton Limited ("the Company"), "Chaitanya", No.12, Khader Nawaz Khan Road, Chennai 600 006, as of 31<sup>st</sup> March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained, and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

**Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

V. SATHYANARAYANAN  
Partner

Place : Bengaluru  
Date : 29<sup>th</sup> May 2020

Membership No. 027716  
UDIN : 20027716AAAFL4375

## Sundaram-Clayton Limited

### BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2020

(Rupees in crores)

Particulars	Notes	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	683.52	745.05
Capital work in progress	2	13.14	13.20
Other intangible assets	3	0.83	2.29
Right-to-use assets	4	48.67	–
Financial assets			
i. Investments	5	230.52	295.36
ii. Other financial assets	6	26.53	16.96
Deferred Tax Assets (Net)	7	27.70	20.31
Other non-current assets	8	19.70	25.29
<b>Total non-current assets</b>		<b><u>1,050.61</u></b>	<b><u>1,118.46</u></b>
<b>Current assets</b>			
Inventories	9	271.32	331.76
Financial assets			
i. Trade receivables	10	160.55	214.36
ii. Cash and cash equivalents	11	50.78	1.52
iii. Bank balances other than (ii) above	12	1.67	1.73
iv. Investments		1.75	–
v. Other financial assets	6	12.21	11.59
Current tax assets (Net)		19.99	14.85
Other current assets	13	32.87	38.42
<b>Total current assets</b>		<b><u>551.14</u></b>	<b><u>614.23</u></b>
<b>Total Assets</b>		<b><u>1,601.75</u></b>	<b><u>1,732.69</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	14	10.12	10.12
Other equity	15	584.32	678.58
<b>Total equity</b>		<b><u>594.44</u></b>	<b><u>688.70</u></b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
i. Borrowings	16	247.75	383.64
ii. Lease liability		36.90	–
iii. Other financial liabilities	20	9.54	8.31
Provisions	17	24.43	23.11
<b>Total non-current liabilities</b>		<b><u>318.62</u></b>	<b><u>415.06</u></b>
<b>Current liabilities</b>			
Financial liabilities			
i. Borrowings	18	256.00	295.17
ii. Lease liability		14.63	–
iii. Trade payables	19	179.85	218.32
iv. Other financial liabilities	20	192.27	79.07
Other current liabilities	21	23.62	15.31
Provisions	17	22.32	21.06
<b>Total current liabilities</b>		<b><u>688.69</u></b>	<b><u>628.93</u></b>
<b>Total liabilities</b>		<b><u>1,007.31</u></b>	<b><u>1,043.99</u></b>
<b>Total equity and liabilities</b>		<b><u>1,601.75</u></b>	<b><u>1,732.69</u></b>
Significant Accounting Policies	1		

The accompanying notes are an integral part of these financial statements

VENU SRINIVASAN  
Chairman & Managing Director

Dr. LAKSHMI VENU  
Joint Managing Director

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

VIVEK S JOSHI  
President & CEO

K GOPALA DESIKAN  
Chief Financial Officer

R RAJA PRAKASH  
Company Secretary

V SATHYANARAYANAN  
Partner  
Membership No. 027716

Chennai  
29<sup>th</sup> May 2020

## Sundaram-Clayton Limited

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020

				(Rupees in crores)	
Particulars	Notes	Year ended 31.03.2020	Year ended 31.03.2019		
<b>I INCOME</b>					
Revenue from operations	22	1,324.34	1,833.07		
Other income	23	99.80	99.87		
<b>Total income</b>		<u>1,424.14</u>	<u>1,932.94</u>		
<b>II EXPENSES</b>					
Cost of materials consumed	24	577.09	922.62		
Changes in inventories of finished goods, work-in-process and Stock-in-Trade	25	41.32	(6.24)		
Employee benefit expenses	26	221.49	276.02		
Finance costs	27	55.40	55.16		
Depreciation and amortisation expense	28	92.65	92.19		
Other expenses	29	346.62	462.71		
<b>Total expenses</b>		<u>1,334.57</u>	<u>1,802.46</u>		
<b>III Profit before exceptional items and tax (I - II)</b>		<u>89.57</u>	<u>130.48</u>		
<b>IV Exceptional items</b>		(20.40)	–		
<b>V Profit before tax (III + IV)</b>		<u>69.17</u>	<u>130.48</u>		
<b>VI Income tax expense</b>					
i) Current tax	30	–	8.04		
ii) Deferred tax charge/(credit)	31	0.47	2.78		
<b>VII Profit for the year (V - VI)</b>		<u>68.70</u>	<u>119.66</u>		
<b>VIII Other comprehensive income</b>					
A. Items that will not be reclassified to profit and Loss:					
Remeasurement of post employment benefit obligations		(10.50)	0.72		
Change in fair value of equity instruments		(74.79)	(19.73)		
Income tax relating to these items		0.89	2.63		
B. Items that will be reclassified to profit or loss:					
Transactions relating to Derivative instruments		(10.59)	(4.12)		
Income tax relating to these items		4.68	0.70		
<b>Other comprehensive income for the year, net of tax</b>		<u>(90.31)</u>	<u>(19.80)</u>		
<b>IX Total comprehensive income for the year (VII + VIII)</b>		<u>(21.61)</u>	<u>99.86</u>		
<b>X Earnings per equity share</b>					
Basic & Diluted earnings per share	32	33.96	59.14		

The accompanying notes are an integral part of these financial statements

VENU SRINIVASAN  
Chairman & Managing Director

Dr. LAKSHMI VENU  
Joint Managing Director

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

VIVEK S JOSHI  
President & CEO

K GOPALA DESIKAN  
Chief Financial Officer

R RAJA PRAKASH  
Company Secretary

V SATHYANARAYANAN  
Partner  
Membership No. 027716

Chennai  
29<sup>th</sup> May 2020

## Sundaram-Clayton Limited

### STATEMENT OF CHANGES IN EQUITY

(Rupees in crores)

A. Equity Share Capital (Refer Note 14)

As at March 31, 2018	10.12
Changes in equity share capital	–
As at March 31, 2019	10.12
Changes in equity share capital	–
As at March 31, 2020	10.12

B. Other Equity

Particulars	Reserves & Surplus				Other Reserves		
	General reserve	Securities Premium reserve	Retained earnings	Total	Fair value through other Comprehensive income	Hedging reserve	Total
<b>Balance as at March 31, 2018</b>	<b>224.84</b>	<b>36.42</b>	<b>226.09</b>	<b>487.35</b>	<b>166.53</b>	<b>–</b>	<b>166.53</b>
Add : Profit for the period	–	–	119.66	119.66	–	–	–
Other comprehensive income	–	–	(0.28)	(0.28)	(16.10)	(3.42)	(19.52)
<b>Total Comprehensive Income for the year</b>	<b>–</b>	<b>–</b>	<b>119.38</b>	<b>119.38</b>	<b>(16.10)</b>	<b>(3.42)</b>	<b>(19.52)</b>
Add/(Less) : Change in fair value of equity instruments	–	–	–	–	(2.34)	–	(2.34)
Distribution to shareholders :							
Less : First Interim dividend paid for the year ended 31.03.2019 (₹ 20 / share)	–	–	(40.46)	(40.46)	–	–	–
Second Interim dividend paid for the year ended 31.03.2019 (₹ 16 / share)	–	–	(32.37)	(32.37)	–	–	–
Dividend Tax*	–	–	–	–	–	–	–
<b>Balance as at March 31, 2019</b>	<b>224.84</b>	<b>36.42</b>	<b>272.64</b>	<b>533.90</b>	<b>148.10</b>	<b>(3.42)</b>	<b>144.68</b>
Add : Profit for the period	–	–	68.70	68.70	–	–	–
Other comprehensive income	–	–	(7.61)	(7.61)	(76.79)	(5.91)	(82.70)
<b>Total Comprehensive Income for the year</b>	<b>–</b>	<b>–</b>	<b>61.09</b>	<b>61.09</b>	<b>(76.79)</b>	<b>(5.91)</b>	<b>(82.70)</b>
Add/ (Less) : Adjustment as per Ind AS 116, net of tax (Retrospective application with cumulative effect)	–	–	(4.30)	(4.30)	–	–	–
Change in fair value of equity instruments	–	–	–	–	(5.62)	–	(5.62)
Less : Dividend paid for the year ended 31 <sup>st</sup> March 2020 (₹ 31 / share)	–	–	(62.72)	(62.72)	–	–	–
Dividend Tax*	–	–	–	–	–	–	–
<b>Balance as at March 31, 2020</b>	<b>224.84</b>	<b>36.42</b>	<b>266.70</b>	<b>527.96</b>	<b>65.69</b>	<b>(9.33)</b>	<b>56.36</b>

\* The Company has taken credit for the dividend distribution tax paid by one of the subsidiary companies on the dividend declared as per section 115-O (1A) of the Income Tax Act, 1961.

**Nature and purpose of reserves:**

Securities premium reserve: This consist of premium realised on issue of shares and will be applicable / utilised in accordance with the provisions of the Companies Act, 2013.

General reserve: General reserve is part of retained earnings. This is available for distribution to shareholders as dividend and capitalisation.

Hedging Reserve - Refer Note No. 35 (D)

VENU SRINIVASAN  
Chairman & Managing Director

Dr. LAKSHMI VENU  
Joint Managing Director

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

VIVEK S JOSHI  
President & CEO

K GOPALA DESIKAN  
Chief Financial Officer

R RAJA PRAKASH  
Company Secretary

V SATHYANARAYANAN  
Partner  
Membership No. 027716

Chennai  
29<sup>th</sup> May 2020

## Sundaram-Clayton Limited

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020

	(Rupees in crores)	
	Year ended 31.03.2020	Year ended 31.03.2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	69.17	130.48
Add: Depreciation and amortisation for the year	92.65	92.19
Loss on sale / scrapping of property, plant and equipment	3.67	1.63
Profit on sale of property, plant and equipment	(0.25)	(0.16)
Unrealised exchange (gain) / loss	2.54	5.63
Dividend income	(96.72)	(96.66)
Interest income	(1.73)	(2.50)
Fair value of financial assets & financial liabilities	(1.10)	(1.50)
Interest expense	55.40	54.76
	54.46	53.39
<b>Operating profit before working capital changes</b>	<b>123.63</b>	<b>183.87</b>
Adjustments for:		
Inventories	60.44	29.56
Trade Receivables	53.81	74.21
Other financial assets	(10.12)	(3.89)
Other non-current assets	5.59	(7.27)
Other current assets	5.55	48.91
Trade Payables	(41.01)	(160.17)
Provisions	(7.92)	(3.73)
Other financial liabilities (excluding current maturities of debt)	(15.80)	12.89
Other current liabilities	8.31	4.40
	58.85	(5.09)
Cash generated from operations	182.48	178.78
Direct taxes paid	-	(8.01)
<b>Net cash from operating activities</b>	<b>182.48</b>	<b>170.77</b>
	<b>(A)</b>	
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment (including Capital work-in-progress)	(26.63)	(154.91)
Sale of property, plant and equipment	1.90	0.71
(Purchase) / Sale of investments	(17.33)	(42.57)
Interest received	1.73	2.50
Dividend received	96.72	96.66
<b>Net Cash from / (used in) investing activities</b>	<b>56.39</b>	<b>(97.61)</b>
	<b>(B)</b>	



## Sundaram-Clayton Limited

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020 - (continued)

		(Rupees in crores)	
		Year ended 31.03.2020	Year ended 31.03.2019
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net Borrowings:			
Term loans availed / (repaid)		(16.25)	68.24
Short term borrowings availed / (repaid)		(12.00)	148.47
Interest paid		(55.40)	(54.76)
Dividend and dividend tax paid		(62.72)	(72.83)
Repayment of lease liabilities		(16.07)	–
<b>Net cash from financing activities</b>	<b>(C)</b>	(162.44)	89.12
<b>D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	<b>(A+B+C)</b>	76.43	162.28
Cash and cash equivalents at the beginning of the year			
Cash and Bank balances		1.52	1.95
Cash credit balance		(27.17)	(187.93)
Cash and cash equivalents at the end of the year			
Cash and Bank balances		50.78	1.52
Cash credit balance		–	(25.65)

Change in liability arising from financing activities						
Particulars	Notes	01/04/2019	Cash flow	Non-cash changes		31/03/2020
				Fair value change	Foreign exchange movement	
Long term borrowings (including current maturities)	16	428.52	(17.70)	(1.09)	2.54	412.27
Short term borrowings	18	118.00	(12.00)	–	–	106.00

**Notes:**

- 1 The above statement has been prepared in indirect method except in case of dividend, tax and purchase and sale of investments which have been considered on the basis of actual movement of cash.
- 2 Cash and cash equivalents include cash and bank balances.

VENU SRINIVASAN  
Chairman & Managing Director

Dr. LAKSHMI VENU  
Joint Managing Director

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

VIVEK S JOSHI  
President & CEO

K GOPALA DESIKAN  
Chief Financial Officer

R RAJA PRAKASH  
Company Secretary

V SATHYANARAYANAN  
Partner  
Membership No. 027716

Chennai  
29<sup>th</sup> May 2020

### 1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the standalone financial statements of the Company.

#### a) Brief description of the Company

Sundaram-Clayton Limited ('the Company') is a public limited company incorporated in India whose shares are publicly traded. The registered office is located at 'Chaitanya', No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai- 600 006, Tamil Nadu, India.

The Company manufactures non-ferrous gravity and pressure die castings. The Company has four manufacturing plants located in Tamil Nadu.

#### b) Basis of preparation

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Disclosures under Ind AS are made only in respect of material items and in respect of items that will be useful to the users of financial statements in making economic decisions.

The financial statements have been prepared on historical basis following the principles of prudence which requires recognition of expected losses and non-recognition of unrealized gains.

The financial statements have been prepared under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value.

#### c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity. It also provides an overview of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

#### d) Significant Estimates and judgments

The areas involving significant estimates or judgments are:

- i) Estimation of defined benefit obligation - (Refer Note 33)
- ii) Estimation of useful life of Property, Plant and Equipment (Refer Note 1(f) and 1(g))

#### e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances and rebates and amounts collected on behalf of third parties.

##### i) Sale of products:

Revenue from sale of products is recognised when significant risk and rewards of ownership pass to the customers, as per the terms of the contract and it is probable that the economic benefits associated with the transaction will flow to the Company.

##### ii) Revenue from Services:

Revenue from Services is recognised in the accounting period in which the services are rendered and when invoices are raised.

##### iii) Dividend income:

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established and it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.

#### f) Property, Plant and Equipment

Freehold Land is stated at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition/construction less accumulated depreciation / amortization and impairment, if any. Cost includes:

- (i) purchase price,
- (ii) taxes and duties,

## Sundaram-Clayton Limited

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

- (iii) labour cost
- (iv) directly attributable overheads incurred upto the date the asset is ready for its intended use, and
- (v) Government grants that are directly attributable to the assets acquired.

However, cost excludes excise duty, value added tax, service tax and GST, to the extent credit of the duty or tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Government grants relating to the purchase of property, plant and equipment are capitalized and included as cost to fixed assets.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit and Loss within Other gains/(losses).

#### g) Depreciation

- i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shifts) as evaluated by a Chartered Engineer and in accordance with Ind AS 16, taking into consideration both usage, useful life and legal limitations on the use of assets, on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013. Depreciation is adjusted for the proportionate usage with reference to the asset's expected capacity or physical output during the reporting period.
- ii) The estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Company is furnished below:

Description	Years
Factory building and other buildings	30 to 64
Plant and Equipment	8 to 21
Electrical Equipment	15
Furniture and Fixtures	10
Computers	3
Mobile phones	1
Vehicles	6

- iii) The residual value for all the above assets is retained at 5% of the cost except for Mobile phones for which Nil residual value is considered. Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.
- iv) On tangible fixed assets added / disposed off during the year, depreciation is charged on pro-rata basis for the period for which the asset was purchased and used.
- v) Depreciation in respect of tangible assets costing individually less than ₹ 5,000/- is provided at 100%.

#### h) Amortization of Intangible assets

Intangible assets acquired are accounted at their acquisition cost and are amortised over their useful lives, viz., 2 years in the case of software.

#### i) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

#### j) Foreign currency translation

##### (i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e in Indian rupees (INR) and all values are rounded off to nearest crores except where otherwise indicated.

##### (ii) Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

- (a) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.
- (b) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.
- (c) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

#### k) Hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 34. Movements in the hedging reserve in shareholders' equity are shown in Note 35 (D). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, within other gains/(losses).

When forward contracts are used to hedge forecast transactions, the company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects the Statement of Profit and Loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the Statement of Profit and Loss within other gains/(losses).

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

#### l) Inventories

Inventories are valued at the lower of cost and net realisable value.

- i) Cost of raw materials, components, stores, spares, work-in-process and finished goods are determined on a moving average basis.
- ii) Cost of finished goods and work-in-process comprises of Direct materials, Direct labour and an applicable proportion of Variable and Fixed overhead expenditure, Fixed Overhead Expenditure absorbed on the basis of normal operating capacity.
- iii) Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
- iv) Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.

#### m) Employee benefits

##### i) Short term obligations:

Short term obligations are those that are expected to be settled fully within 12 months after the end of the reporting period. They are recognized upto the end of the reporting period at the amounts expected to be paid at the time of settlement.

##### ii) Other long term employee benefit obligations:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, recognized and provided for at the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for atleast twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

##### iii) Post-employment obligation:

The Company operates the following post-employment schemes:

- a) Defined benefit plans such as gratuity for its eligible employees, pension plan for eligible senior managers; and
- b) Defined contribution plan such as provident fund.

##### Pension and gratuity obligation:

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net of deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit or Loss as past service cost.

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

#### Provident fund:

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The provident fund contributions are made to an irrevocable trust set up by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

#### iv) Bonus plans:

The Company recognises a liability and an expense for bonus. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

#### n) Taxes on income

Tax expense comprises of (i) current tax and (ii) deferred tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Where the Company is entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (the Research and Development or other investment allowances), the Company accounts for such allowances as tax credits, which means that the allowance reduce income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

#### o) MAT Credit

MAT credit can be carried forward upto a period of 15 years. MAT credit recognized in the books is in line with the latest assessment orders received by the Company.

#### p) Provisions and contingent liabilities

##### i) Provision:

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is accounted based on technical evaluation, when the products are sold.

Provisions are evaluated at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects



### SIGNIFICANT ACCOUNTING POLICIES - (continued)

current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

ii) Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

r) Leases

From 1 April 2019, leases are recognised as a right-to-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Company under residual value guarantees
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-to-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company which does not have recent third party financing, and
- Makes adjustments specific to the lease, e.g. term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-to-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Right-to-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

- Any initial direct costs, and
- Restoration costs.

Right-to-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-to-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

#### s) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

#### t) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### u) Investments and Other financial assets

##### i) Classification:

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through statement of profit and loss), and
- Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

##### ii) Measurement:

At initial recognition, the Company measures a financial asset at its fair value plus (in the case of a financial asset not a fair value through profit or loss) transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

##### Debt Instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

##### (i) Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the Statement of Profit and Loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

##### (ii) Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at Fair Value Through Profit or Loss (FVTPL). A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

(iii) Equity instruments:

Subsequent to initial recognition, the Company measures all investments in equity (except of the subsidiaries / associates) at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there will be no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Company's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately. Where the Company elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

Investment in subsidiaries / associates:

Investment in subsidiaries / associates are measured at cost less provision for impairment.

iv) Impairment of financial assets:

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 35(A) details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognised from initial recognition of the receivables.

v) De-recognition of financial assets:

A financial asset is derecognised only when:

- a) the Company has transferred the rights to receive cash flows from the financial asset or
- b) the Company retains the contractual rights to receive the cash flows of the financial asset, but expects a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised, if the Company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

v) **Borrowings**

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss as other gain / (loss).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for over or at least 12 months after the reporting period.

w) **Borrowing cost**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

## Sundaram-Clayton Limited

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### SIGNIFICANT ACCOUNTING POLICIES - (continued)

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

#### x) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are included in current / non-current liabilities as deferred income and are credited to profit or loss as and when the obligations are fulfilled.

#### y) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for atleast twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. In Company's considered view, twelve months is its operating cycle.

## Sundaram-Clayton Limited

### Notes to Financial Statements

#### 2. PROPERTY, PLANT & EQUIPMENT

(Rupees in crores)

Description	Property, Plant & Equipment							
	Freehold land	Lease hold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total
	1	2	3	4	5	6	7	8
Gross block								
As at 01-04-2018	9.77	11.42	105.86	652.27	5.66	10.27	2.21	797.46
Additions	–	–	49.11	165.22	2.36	3.09	1.59	221.37
Sub-total	9.77	11.42	154.97	817.49	8.02	13.36	3.80	1,018.83
Sales / deletion	–	–	(0.12)	(7.99)	–	(1.02)	(0.60)	(9.73)
<b>Total</b>	<b>9.77</b>	<b>11.42</b>	<b>154.85</b>	<b>809.50</b>	<b>8.02</b>	<b>12.34</b>	<b>3.20</b>	<b>1,009.10</b>
Depreciation								
Upto 31-03-2018	–	0.25	10.60	163.29	1.77	4.42	0.77	181.10
For the year	–	–	4.98	81.63	0.81	2.58	0.50	90.50
Amortisation	–	0.13	–	–	–	–	–	0.13
Sub-total	–	0.38	15.58	244.92	2.58	7.00	1.27	271.73
Withdrawn on assets sold / deleted	–	–	(0.03)	(6.11)	–	(0.97)	(0.57)	(7.68)
<b>Total</b>	<b>–</b>	<b>0.38</b>	<b>15.55</b>	<b>238.81</b>	<b>2.58</b>	<b>6.03</b>	<b>0.70</b>	<b>264.05</b>
Net Carrying amount								
<b>As at 31-03-2019</b>	<b>9.77</b>	<b>11.04</b>	<b>139.30</b>	<b>570.69</b>	<b>5.44</b>	<b>6.31</b>	<b>2.50</b>	<b>745.05</b>

#### CAPITAL WORK-IN-PROGRESS (AT COST)

	<b>2018-19</b>	<b>2017-18</b>
(a) Building	1.13	5.91
(b) Plant & equipment	7.93	76.54
(c) Others	4.14	0.01
<b>Total</b>	<b>13.20</b>	<b>82.46</b>

Description	Property, Plant & Equipment							
	Freehold land	Lease hold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total
	1	2	3	4	5	6	7	8
Gross block								
As at 01-04-2019	9.77	11.42	154.85	809.50	8.02	12.34	3.20	1,009.10
Additions	5.10	–	2.35	17.89	0.10	0.98	0.01	26.43
Sub-total	14.87	11.42	157.20	827.39	8.12	13.32	3.21	1,035.53
Sales / deletion	–	–	(0.16)	(22.33)	–	(0.04)	(1.02)	(23.55)
<b>Total</b>	<b>14.87</b>	<b>11.42</b>	<b>157.04</b>	<b>805.06</b>	<b>8.12</b>	<b>13.28</b>	<b>2.19</b>	<b>1,011.98</b>
Depreciation								
Upto 31-03-2019	–	0.38	15.55	238.81	2.58	6.03	0.70	264.05
For the year	–	–	5.47	73.79	0.87	2.23	0.50	82.85
Amortisation	–	0.13	–	–	–	–	–	0.13
Sub-total	–	0.51	21.02	312.60	3.45	8.26	1.20	347.03
Withdrawn on assets sold / deleted	–	–	(0.03)	(17.95)	–	(0.04)	(0.55)	(18.57)
<b>Total</b>	<b>–</b>	<b>0.51</b>	<b>20.99</b>	<b>294.65</b>	<b>3.45</b>	<b>8.22</b>	<b>0.65</b>	<b>328.46</b>
Net Carrying amount								
<b>As at 31-03-2020</b>	<b>14.87</b>	<b>10.91</b>	<b>136.05</b>	<b>510.41</b>	<b>4.67</b>	<b>5.06</b>	<b>1.54</b>	<b>683.52</b>

#### CAPITAL WORK-IN-PROGRESS (AT COST)

	<b>2019-20</b>	<b>2018-19</b>
(a) Building	0.14	1.13
(b) Plant & equipment	12.29	7.93
(c) Others	0.71	4.14
<b>Total</b>	<b>13.14</b>	<b>13.20</b>

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 3 INTANGIBLE ASSETS:

(Rupees in crores)

Description	Software	Description	Software
Gross block		Gross block	
As at 01-04-2018	4.82	As at 01-04-2019	7.61
Additions	2.80	Additions	0.26
Sub-total	7.62	Sub-total	7.87
Sales / deletion	(0.01)	Sales / deletion	-
<b>Total</b>	<b>7.61</b>	<b>Total</b>	<b>7.87</b>
Depreciation		Depreciation	
Upto 31-03-2018	3.77	Upto 31-03-2019	5.32
For the year	1.56	For the year	1.72
Amortisation	-	Amortisation	-
Sub-total	5.33	Sub-total	7.04
Withdrawn on assets sold / deleted	(0.01)	Withdrawn on assets sold / deleted	-
<b>Total</b>	<b>5.32</b>	<b>Total</b>	<b>7.04</b>
Net Carrying amount		Net Carrying amount	
<b>As at 31-03-2019</b>	<b>2.29</b>	<b>As at 31-03-2020</b>	<b>0.83</b>

#### 4 RIGHT-TO-USE ASSET

Rupees in crores

Description	Right-to-use assets			
	Buildings	Plant & equipment	Vehicles	Total
Gross block				
Opening on transition to IND AS 116	4.19	51.68	1.45	57.32
Additions	-	-	-	-
<b>Sub-total</b>	<b>4.19</b>	<b>51.68</b>	<b>1.45</b>	<b>57.32</b>
Amortisations for the year	1.95	5.17	0.83	7.95
Deletions (Preclosures)	0.49	-	0.21	0.70
<b>Closing net balance during the year</b>	<b>1.75</b>	<b>46.51</b>	<b>0.41</b>	<b>48.67</b>

The Company has leased office premises, machinery and vehicles. The lease period ranges from 5-10 years, which represents the non-cancellable period of the lease.

#### 2019-20

Payment towards short term leases	1.88
Payment towards low value asset leases	-



## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 5 INVESTMENTS

Sl No.	Name of the body corporate	Subsidiary / associate	No. of shares / units		Face Value	Currency	Rupees in crores	
			As at 31-03-2020	As at 31-03-2019			As at 31-03-2020	As at 31-03-2019
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>(a)</b>	<b>Investment in Equity Instruments fair valued through OCI</b>							
	<b>Quoted :</b>							
(i)	Suprajit Engineering Limited, Bengaluru		57,72,000	57,72,000	1.00	INR	64.99	141.30
(ii)	Harita Seating Systems Limited, Chennai		7,280	7,280	10.00	INR	0.23	0.33
	<b>Unquoted :</b>							
(iii)	Green Infra BTV Limited, New Delhi <sup>®</sup>		45,00,000	45,00,000	10.00	INR	4.50	4.50
(iv)	Sai Regency Power Corporation Private Limited, Chennai <sup>®</sup>		3,75,000	3,75,000	10.00	INR	0.38	0.38
(v)	Adyar Property Holding Company Limited, Chennai (Cost ₹ 6,825) <sup>®</sup>		105	105		INR	-	-
	<b>Private equity instruments #:</b>							
(vi)	TVS Shriram Growth fund Scheme 1A of TVS Capital Funds Limited, Chennai		-	4,480	1,000.00	INR	-	0.19
(vii)	TVS Shriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai (₹ 1,000)		1	24,306	1,000.00	INR	-	8.44
(viii)	TVS Shriram Growth fund 3 of TVS Capital Funds Limited, Chennai		66,000	20,000	1,000.00	INR	6.60	2.00
	<b>Investments in Equity Instruments AT COST</b>							
	<b>Quoted:</b>							
(ix)	TVS Motor Company Limited, Chennai	Subsidiary	27,26,82,786	27,26,82,786	1.00	INR	19.59	19.59
	<b>Unquoted:</b>							
(x)	Sundaram-Clayton (USA) Limited, Illinois, USA (Cost ₹ 5,572)	Subsidiary	100	100	1.00	USD	-	-
(xi)	Sundaram Holding USA Inc., Delaware, USA	Subsidiary	1,50,00,000	1,30,00,000	1.00	USD	100.36	86.01
(xii)	TVS Training and Services Limited, Chennai	Associate	27,63,359	27,63,359	10.00	INR	2.76	2.76
(xiii)	Sundram Non Conventional Energy Systems Limited, Chennai	Associate	1,17,650	1,17,650	10.00	INR	0.12	0.12
(xiv)	TVS Credit Services Limited, Chennai	Subsidiary	21,80,250	21,80,250	10.00	INR	17.01	17.01
	<b>Total value of Equity Instruments (a)</b>						<b>216.54</b>	<b>282.63</b>
<b>(b)</b>	<b>Other non-current Investments</b>							
(i)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai					INR	3.05	2.78
(ii)	Life Insurance Corporation Pension Policy, Chennai					INR	10.43	9.58
(iii)	5 Years National Savings Certificates VIII Issue (in the name of nominee) - Face Value - ₹ 10,000					INR	-	-
(iv)	Tulsyan NEC Limited, Chennai <sup>®</sup>		1,63,125	1,21,875	10.00	INR	0.50	0.37
	<b>Total value of Other non-current Investments (b)</b>						<b>13.98</b>	<b>12.73</b>
	<b>Total (a) + (b)</b>						<b>230.52</b>	<b>295.36</b>
	Aggregate amount of quoted investments and market value thereof						8,178.90	12,982.26
	Aggregate amount of unquoted investments						145.71	134.14
	Aggregate amount of impairment in value of investments						-	(2.22)
	<b>Total</b>						<b>8,324.61</b>	<b>13,114.18</b>

# The values have been arrived using the management's best estimate of the fair value of the fund. These values may not materially differ from the actuals.

® Cost treated as Fair value

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

	As at 31-03-2020	As at 31-03-2019
<b>6 OTHER FINANCIAL ASSETS</b>		
<b>Non-current</b>		
Rental deposits	7.43	11.55
Derivatives (Forwards, POS, Call spread, IRS)	19.10	5.41
<b>Total other financial assets</b>	<b>26.53</b>	<b>16.96</b>
<b>Current</b>		
<u>Unsecured, Considered Good :</u>		
Employee Advances	2.51	2.26
Claims receivable	1.14	3.27
Derivatives (Forwards, POS, Call spread, IRS)	4.64	2.75
Duty Drawback receivable	3.92	3.31
<b>Total other financial assets</b>	<b>12.21</b>	<b>11.59</b>

### 7 DEFERRED TAX LIABILITIES / (ASSETS)

The balance comprises temporary differences attributable to:

Depreciation	67.44	67.94
Employee benefits	(11.00)	(8.17)
Financial assets & Financial liabilities	(9.20)	(8.09)
MAT Credit	(31.68)	(31.68)
Others (Including Carried forward loss)	(43.26)	(40.31)
<b>Total deferred tax liabilities / (assets)</b>	<b>(27.70)</b>	<b>(20.31)</b>

#### Movement in deferred tax liabilities / (assets)

Particulars	Depreciation	Employee benefits	Financial assets & Financial liabilities	MAT Credit	Others (Including Carried forward loss)	Total
<b>At April 1, 2019</b>	<b>67.94</b>	<b>(8.17)</b>	<b>(8.09)</b>	<b>(31.68)</b>	<b>(40.31)</b>	<b>(20.31)</b>
(Charged)/credited:						
- to statement of profit and loss	(0.50)	0.06	1.56	-	(0.65)	0.47
- to other comprehensive income	-	(2.89)	(2.68)	-	-	(5.56)
- to retained earnings towards IND AS 116 initial adoption	-	-	-	-	(2.30)	(2.30)
- to disputed tax provided for	-	-	-	-	-	-
<b>At March 31, 2020</b>	<b>67.44</b>	<b>(11.00)</b>	<b>(9.20)</b>	<b>(31.68)</b>	<b>(43.26)</b>	<b>(27.70)</b>

### 8 OTHER NON-CURRENT ASSETS

	As at 31-03-2020	As at 31-03-2019
Capital advances	0.53	9.61
<b>Advances - other than capital advances:</b>		
Statutory and other deposits	12.46	11.37
Prepaid expenses	6.71	4.31
<b>Total other non-current assets</b>	<b>19.70</b>	<b>25.29</b>

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

	As at 31-03-2020	As at 31-03-2019
<b>9 INVENTORIES</b> (at weighted average cost or net realisable value whichever is less)		
Raw materials and components	21.81	30.23
Goods-in-transit - Raw materials and components	2.76	12.65
Work-in-process	20.54	11.67
Finished goods	108.85	159.04
Stores and spares	117.36	118.17
<b>Total Inventories</b>	<b>271.32</b>	<b>331.76</b>
<b>10 TRADE RECEIVABLES</b> (Refer Note 37(vii))		
Unsecured, considered good	163.44	216.27
Less: Loss Allowance	2.89	1.91
<b>Total</b>	<b>160.55</b>	<b>214.36</b>
<b>11 CASH AND CASH EQUIVALENTS</b>		
Balances with banks	50.63	1.43
Cash on hand	0.15	0.09
<b>Total cash and cash equivalents</b>	<b>50.78</b>	<b>1.52</b>
<b>12 OTHER BANK BALANCES</b>		
Earmarked balances with banks (for unpaid dividend)	1.67	1.73
<b>Total Other Bank balances</b>	<b>1.67</b>	<b>1.73</b>
<b>13 OTHER CURRENT ASSETS</b>		
Indirect taxes receivable	0.58	2.42
Prepaid expense	8.38	9.53
Vendor advances	11.96	7.31
Export incentives receivable	11.95	19.16
<b>Total other current assets</b>	<b>32.87</b>	<b>38.42</b>

### 14 SHARE CAPITAL

(a) **Details of authorised, issued and subscribed share capital**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Number	Rupees in crores	Number	Rupees in crores
Authorised Capital				
Equity Shares of ₹ 5/- each	5,00,00,000	25.00	5,00,00,000	25.00
<u>Issued, Subscribed &amp; Paid up Capital</u>				
Equity Shares of ₹ 5/- each fully paid	2,02,32,085	10.12	2,02,32,085	10.12
	2,02,32,085	10.12	2,02,32,085	10.12

(b) **Reconciliation of equity shares outstanding at the beginning and at the end of the year**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	2,02,32,085	10.12	2,02,32,085	10.12
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	2,02,32,085	10.12	2,02,32,085	10.12

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 14 SHARE CAPITAL - (continued)

(c) (i) **Rights and preferences attached to equity share:**

Every shareholder is entitled to such rights as to attend the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

(ii) There are no restrictions attached to equity shares.

(d) **Details of shares held by holding/ultimate holding/subsidiaries/associates of holding company at the end of 31<sup>st</sup> March 2020**

Name of Shareholder	Relationship	Class of share	As at 31-03-2020		As at 31-03-2019	
			Number of Shares held	% of Holding	Number of Shares held	% of Holding
T V Sundram Iyengar & Sons Private Limited - Madurai	Holding Company	Equity	38,07,330	18.82	38,07,330	18.82
Sundaram Industries Private Limited - Madurai	Fellow Subsidiary	Equity	60,62,522	29.96	60,62,522	29.96
Southern Roadways Private Limited - Madurai	Fellow Subsidiary	Equity	30,31,127	14.98	30,31,127	14.98

(e) **Details of shareholders holding more than five percent at the end of 31<sup>st</sup> March 2020 (other than 14 (d)) above**

Name of Shareholder	Class of share	As at 31-03-2020		As at 31-03-2019	
		Number of Shares held	% of Holding	Number of Shares held	% of Holding
Sundaram Finance Holdings Limited - Chennai	Equity	22,73,081	11.24	22,73,081	11.24

#### 15 OTHER EQUITY

Reserves and surplus	As at March 31, 2020	As at March 31, 2019
General reserve	224.84	224.84
Securities Premium reserve	36.42	36.42
Retained earnings	266.70	272.64
Other reserves	56.36	144.68
<b>Total reserves and surplus</b>	<b>584.32</b>	<b>678.58</b>

#### 16 LONG TERM BORROWINGS

Description	No. of instalments due	Frequency	Maturity	As at 31-03-2020	As at 31-03-2019
<u>Secured:</u>					
Rupee Term loan I	11	Quarterly	Dec-23	91.59	99.90
Foreign Currency Non-resident Borrowings (FCNR(B)) I	5	Half yearly	Sep-22	75.67	82.99
Foreign Currency Non-resident Borrowings (FCNR(B)) II	-	Bullet payment	Mar-21	75.66	69.16
External Commercial Borrowing I (ECB I)	4	Half yearly	Mar-22	50.18	68.76
External Commercial Borrowing II (ECB II)	12	Quarterly	Feb-24	112.74	102.77
State owned corporation	-	Bullet payment	Apr-31	6.43	-
<u>Unsecured:</u>					
Soft loan	-	Yearly	-	-	0.67
Buyer's Credit	-	Bullet payment	Jul-19	-	4.27
<b>Total Borrowings :</b>				<b>412.27</b>	<b>428.52</b>
Less : Current Maturities of long-term borrowings (Refer Note No. 20)				164.52	44.88
<b>Total Long-term Borrowings</b>				<b>247.75</b>	<b>383.64</b>

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 16 LONG TERM BORROWINGS - (continued)

Details of securities offered against charge:

All loans are secured by first and exclusive charge on specific plant and equipments of the Company.

Amount payable in each instalment other than bullet repayments:

Description	Currency	Amount	Interest
Rupee Term loan I	INR	8.34 Crores	SBI MCLR plus Margin
Foreign Currency Non-resident Borrowings (FCNR(B)) I	USD	2 Million	Overnight LIBOR plus Margin
External Commercial Borrowing I (ECB I)	USD	1.67 Million	6 Month LIBOR plus Margin
External Commercial Borrowing II (ECB II)	USD	1.25 Million	3 Month LIBOR plus Margin

#### 17 PROVISIONS

Particulars	March 31, 2020		March 31, 2019	
	Current	Non-current	Current	Non-current
Employee benefits (Refer Note 33)				
(a) Pension	2.46	18.46	0.48	16.73
(b) Leave salary	1.07	5.97	0.79	4.43
(c) Gratuity	3.53	–	0.94	–
	7.06	24.43	2.21	21.16
Others				
(a) Warranty	4.06	–	5.64	–
(b) Sales tax	–	–	–	1.95
(c) Disputed tax provided for	11.20	–	13.21	–
<b>Total</b>	<b>22.32</b>	<b>24.43</b>	<b>21.06</b>	<b>23.11</b>

Particulars	Warranty	Sales tax	Disputed tax provided for
Opening balance as on 01.04.2019	5.64	1.95	13.21
Additional provisions made during the year	–	–	–
Amounts utilised	(1.58)	(1.95)	(2.01)
Closing balance as on 31.03.2020	4.06	–	11.20

As at  
31-03-2020                      As at  
31-03-2019

#### 18 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

Repayable on demand from banks

Secured

150.00                      127.17

Unsecured

106.00                      168.00

**Total Borrowings under Current Liabilities**

**256.00                      295.17**

Details of securities created for loans repayable on demand:

First charge by way of hypothecation and / or pledge of all current assets viz., inventories of raw materials, semi finished and finished goods, stores and spares, bills receivable, book debts and all other current assets

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

	(Rupees in crores)	
	As at 31-03-2020	As at 31-03-2019
<b>19 TRADE PAYABLES</b>		
Current		
Dues to Micro and Small Enterprises **	0.03	3.51
Dues to enterprises other than Micro and Small Enterprises	179.82	214.81
<b>Total trade payables</b>	<b><u>179.85</u></b>	<b><u>218.32</u></b>
** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same. Refer Note - 37(vi)		
<b>20 OTHER FINANCIAL LIABILITIES</b>		
Non current		
Derivatives	<u>9.54</u>	<u>8.31</u>
Current		
Current Maturities of long term borrowings		
(i) Buyer's Credit	-	4.27
(ii) Rupee Term loan I	33.36	8.34
(iii) Foreign Currency Non-resident Borrowings (FCNR(B)) I	30.27	13.83
(iv) Foreign Currency Non-resident Borrowings (FCNR(B)) II	75.67	-
(v) External Commercial Borrowing II (ECB II )	25.22	18.44
	<b><u>164.52</u></b>	<b><u>44.88</u></b>
Interest accrued but not due on loans	3.68	3.80
Unpaid Dividends	1.67	1.73
Employee related liabilities	14.73	26.44
Liabilities for expenses	1.25	1.64
Derivatives	6.42	0.58
<b>Total other current financial liabilities</b>	<b><u>192.27</u></b>	<b><u>79.07</u></b>
<b>21 OTHER CURRENT LIABILITIES</b>		
Statutory dues	1.83	10.44
Advance received from customers	19.67	3.12
Government Grant - Deferred income	2.12	1.75
<b>Total other current liabilities</b>	<b><u>23.62</u></b>	<b><u>15.31</u></b>



## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

	Year ended 31.03.2020	(Rupees in crores) Year ended 31.03.2019
<b>22 REVENUE FROM OPERATIONS</b>		
Sale of products	1,240.28	1,746.03
Sale of services	44.78	39.07
Other operating revenue	39.28	47.97
<b>Total revenue</b>	<b><u>1,324.34</u></b>	<b><u>1,833.07</u></b>
<b>23 OTHER INCOME</b>		
Dividend income		
(i) From subsidiary	95.44	95.44
(ii) From others	1.28	1.22
Interest income	1.73	2.50
Increase in Fair value of Financial Assets	1.10	0.05
Net gain on sale of Investments	–	0.50
Profit on sale of Property, Plant & Equipment	0.25	0.16
<b>Total other income</b>	<b><u>99.80</u></b>	<b><u>99.87</u></b>
<b>24 COST OF MATERIALS CONSUMED</b>		
Opening stock of raw materials and components	30.23	35.24
Add: Purchases	568.67	917.61
	<u>598.90</u>	<u>952.85</u>
Less: Closing stock of raw materials and components	21.81	30.23
<b>Consumption of raw materials and components</b>	<b><u>577.09</u></b>	<b><u>922.62</u></b>
<b>25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE</b>		
Opening stock:		
Work-in-process	11.67	42.07
Finished goods	159.04	122.40
<b>Total - (A)</b>	<b><u>170.71</u></b>	<b><u>164.47</u></b>
Closing stock:		
Work-in-process	20.54	11.67
Finished goods	108.85	159.04
<b>Total - (B)</b>	<b><u>129.39</u></b>	<b><u>170.71</u></b>
<b>Total (A)-(B)</b>	<b><u>41.32</u></b>	<b><u>(6.24)</u></b>
<b>26 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	173.24	219.10
Contribution to provident and other funds	10.56	14.74
Welfare expenses	37.69	42.18
<b>Total employee benefit expense</b>	<b><u>221.49</u></b>	<b><u>276.02</u></b>

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

	Year ended 31.03.2020	(Rupees in crores) Year ended 31.03.2019
<b>27 FINANCE COSTS</b>		
Interest	50.45	54.76
Interest on lease liabilities	4.59	–
Other borrowing costs	0.36	0.40
<b>Total finance costs</b>	<b>55.40</b>	<b>55.16</b>
<b>28 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation on Property, Plant and Equipment	82.85	90.50
Depreciation on Right-to-use asset	7.95	–
Amortisation on Intangible assets	1.72	1.56
Amortisation on others	0.13	0.13
<b>Total depreciation and amortisation expense</b>	<b>92.65</b>	<b>92.19</b>
<b>29 OTHER EXPENSES*</b>		
(a) Consumption of stores, spares and tools	74.07	87.75
(b) Power and fuel	91.98	125.45
(c) Repairs - buildings	20.76	24.91
(d) Repairs - plant and equipment	42.15	47.47
(e) Repairs - others	0.61	0.80
(f) Insurance	4.40	4.26
(g) Rates and taxes (excluding taxes on income)	0.71	2.36
(h) Audit fees ( Refer note 37(iii) )	0.65	0.55
(i) Packing and freight charges	44.72	66.39
(j) Warehousing charges	15.47	18.92
(k) Loss on sale of Property, plant & equipment	3.67	1.63
(l) Loss on foreign currency transactions and translation	2.54	0.39
(m) Loss on sale of investments	0.21	–
(n) Corporate social responsibility expenditure (Refer Note 37(iv))	0.02	0.25
(o) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or ₹ 10 lakh, whichever is higher)	44.66	81.58
<b>Total other expenses</b>	<b>346.62</b>	<b>462.71</b>
* Net of recoveries and claims made		
<b>29A EXCEPTIONAL ITEMS</b>		
One time voluntary separation costs	20.40	–

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

	Year ended 31.03.2020	Year ended 31.03.2019
(Rupees in crores)		
<b>30 CURRENT TAX</b>		
Current tax on profits for the year	–	7.70
Adjustments for current tax of prior periods	–	0.34
<b>Total current tax</b>	<u>–</u>	<u>8.04</u>
<b>31 DEFERRED TAX</b>		
Decrease (increase) in deferred tax assets	(17.96)	(10.03)
(Decrease) increase in deferred tax liabilities	18.43	12.81
<b>Total deferred tax expense / (benefit)</b>	<u>0.47</u>	<u>2.78</u>
<b>Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>		
Profit before tax expense	69.17	130.48
<b>Tax at the Indian tax rate of 34.94% (2018-2019 – 34.94%)</b>	24.17	45.59
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Dividend Income	(33.79)	(33.77)
Other items	9.62	(4.12)
Adjustments for current tax of prior periods	–	0.34
Deferred Tax Liability	0.47	2.78
<b>Tax expense / (benefit)</b>	<u>0.47</u>	<u>10.82</u>
<b>32 EARNINGS PER SHARE</b>		
(a) Basic and diluted earnings per share		
Basic and diluted earnings per share attributable to the equity holders of the Company (₹)	33.96	59.14
(b) Earnings used in calculating earnings per share		
Basic and diluted earnings per share		
Profit attributable to equity holders of the company used in calculating basic earnings per share	68.70	119.66
(c) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	2,02,32,085	2,02,32,085

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

### 33 EMPLOYEE BENEFIT OBLIGATIONS

Amount recognised in the Balance sheet and the movements in the net defined benefit obligation / other employee benefits over the years are as follows:

Particulars	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
<b>April 1, 2018</b>	<b>21.08</b>	<b>19.21</b>	<b>1.87</b>	<b>23.50</b>	–	<b>23.50</b>	<b>3.46</b>	–	<b>3.46</b>
Current service cost	1.51	–	1.51	0.28	–	0.28	–	–	–
Interest expense/(income)	1.65	1.57	0.07	1.70	–	1.70	0.31	–	0.31
Experience (gains) / losses	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	–	–	–	–	–	–	–	–	–
<b>Total amount recognised in statement of profit and loss</b>	<b>3.16</b>	<b>1.57</b>	<b>1.59</b>	<b>1.98</b>	–	<b>1.98</b>	<b>0.31</b>	–	<b>0.31</b>
<i>Remeasurements:</i>									
Return on plan assets, excluding amounts included in interest expense / (income)	–	(2.12)	2.12	–	–	–	–	–	–
(Gain) / loss from change in demographic assumptions	–	–	–	–	–	–	–	–	–
(Gain)/loss from change in financial assumptions	(0.90)	–	(0.90)	(0.83)	–	(0.83)	(0.17)	–	(0.17)
Experience (gains)/losses	(3.75)	–	(3.75)	(0.39)	–	(0.39)	3.21	–	3.21
<b>Total amount recognised in other comprehensive income</b>	<b>(4.65)</b>	<b>(2.12)</b>	<b>(2.53)</b>	<b>(1.22)</b>	–	<b>(1.22)</b>	<b>3.04</b>	–	<b>3.04</b>
Employer contribution			–	–	–	–	–	–	–
Benefit payments			–	(7.05)	–	(7.05)	(1.59)	–	(1.59)
<b>March 31, 2019</b>	<b>19.59</b>	<b>18.66</b>	<b>0.93</b>	<b>17.21</b>	–	<b>17.21</b>	<b>5.22</b>	–	<b>5.22</b>

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

### 33 EMPLOYEE BENEFIT OBLIGATIONS – (continued)

Amount recognised in the Balance sheet and the movements in the net defined benefit obligation / other employee benefits over the years are as follows:

Particulars	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
<b>April 1, 2019</b>	<b>19.59</b>	<b>18.66</b>	<b>0.93</b>	<b>17.21</b>	-	<b>17.21</b>	<b>5.22</b>	-	<b>5.22</b>
Current service cost	1.73	-	1.73	-	-	-	-	-	-
Interest expense/(income)	1.57	1.32	0.25	1.20	-	1.20	0.38	-	0.38
Experience (gains) / losses	-	-	-	-	-	-	-	-	-
(Gain) / loss from change in financial assumptions	-	-	-	-	-	-	-	-	-
<b>Total amount recognised in statement of profit and loss</b>	<b>3.29</b>	<b>1.32</b>	<b>1.98</b>	<b>1.20</b>	-	<b>1.20</b>	<b>0.38</b>	-	<b>0.38</b>
<i>Remeasurements:</i>									
Return on plan assets, excluding amounts included in interest expense / (income)	-	0.31	(0.31)	-	-	-	-	-	-
(Gain) / loss from change in demographic assumptions	-	-	-	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	2.25	-	2.25	1.49	-	1.49	0.49	-	0.49
Experience (gains)/losses	2.87	-	2.87	1.35	-	1.35	2.36	-	2.36
<b>Total amount recognised in other comprehensive income</b>	<b>5.12</b>	<b>0.31</b>	<b>4.81</b>	<b>2.84</b>	-	<b>2.84</b>	<b>2.85</b>	-	<b>2.85</b>
Employer contribution	-	4.19	(4.19)	-	-	-	-	-	-
Benefit payments	(4.04)	(4.04)	-	(0.33)	-	(0.33)	(1.41)	-	(1.41)
<b>March 31, 2020</b>	<b>23.96</b>	<b>20.44</b>	<b>3.53</b>	<b>20.92</b>	-	<b>20.92</b>	<b>7.04</b>	-	<b>7.04</b>

#### (i) Post-Employment benefits

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Details	Gratuity		Pension		Leave salary	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Discount rate	6.66%	7.71%	5.51%	6.87%	6.64%	7.63%
Salary growth rate	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Mortality rate	IALM (2006-08) Ultimate					

Assumptions regarding future mortality for pension and medical benefits are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at 58 years.

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

### 33 EMPLOYEE BENEFIT OBLIGATIONS – (continued)

#### (ii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Gratuity	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Discount rate	0.50%	0.50%	22.77	18.76	25.27	20.51
Salary growth rate	0.50%	0.50%	25.28	20.53	22.76	18.74
Mortality rate	5.00%	5.00%	23.97	19.60	23.96	19.59

Pension	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Discount rate	1.00%	1.00%	19.12	15.46	23.05	19.28
Salary growth rate	1.00%	1.00%	23.14	19.37	19.01	15.37
Mortality rate	5.00%	5.00%	20.59	17.01	21.27	17.43

Leave Salary	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Discount rate	0.50%	0.50%	6.74	5.02	7.37	5.44
Salary growth rate	0.50%	0.50%	7.37	5.44	6.73	5.02
Mortality rate	5.00%	5.00%	7.04	5.22	7.04	5.22

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability recognised in the balance sheet.

#### (iii) Risk exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

**Asset volatility:** The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The company intends to maintain the above investment mix in the continuing years.

**Changes in bond yield:** A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yields increase in the value of the plans' bond holdings.

**Inflation risks:** In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

**Life expectancy:** The pension plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.



## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 34 FAIR VALUE MEASUREMENTS

##### Financial instruments by category

(Rupees in crores)

Particulars	March 31, 2020			March 31, 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Investments						
- Equity instruments	-	76.70	139.84	-	157.14	125.49
- Preference shares	-	-	-	-	-	-
- Others	-	-	15.73	-	-	12.73
Trade receivables	-	-	160.55	-	-	214.36
Balances with Banks	-	-	52.30	-	-	3.16
Derivative financial assets	23.68	0.06	-	5.41	2.75	-
Security deposits	-	-	7.43	-	-	11.55
Other financial assets	-	-	7.72	-	-	8.93
<b>Total financial assets</b>	<b>23.68</b>	<b>76.76</b>	<b>383.57</b>	<b>5.41</b>	<b>159.89</b>	<b>376.22</b>
<b>Financial liabilities</b>						
Trade payables	-	-	179.85	-	-	218.32
Borrowings - Current	-	-	256.00	-	-	295.17
Borrowings - Non Current	-	-	247.75	-	-	383.64
Current Maturities of long term borrowings	-	-	164.52	-	-	44.88
Derivative financial liabilities	-	15.96	-	8.31	0.58	-
Other financial liabilities	-	-	72.86	-	-	33.61
<b>Total financial liabilities</b>	<b>-</b>	<b>15.96</b>	<b>920.98</b>	<b>8.31</b>	<b>0.58</b>	<b>975.62</b>

##### (i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

##### Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2020	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<b>Financial assets at FVTPL:</b>					
Derivative financial asset	6	-	23.68	-	23.68
<b>Financial assets at FVOCI:</b>					
Investments					
- Equity instruments	5	65.22	6.60	4.88	76.70
- Others		-	-	-	-
Derivative financial asset	6	-	0.06	-	0.06
<b>Total financial assets</b>		<b>65.22</b>	<b>30.34</b>	<b>4.88</b>	<b>100.44</b>
<b>Financial liabilities</b>					
<b>Financial liabilities at FVTPL:</b>					
Derivative financial liability	20	-	-	-	-
<b>Financial liabilities at FVOCI:</b>					
Derivative financial liability	20	-	15.96	-	15.96
<b>Total financial liabilities</b>		<b>-</b>	<b>15.96</b>	<b>-</b>	<b>15.96</b>

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 34 FAIR VALUE MEASUREMENTS – (continued)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed (Rupees in crores)

At 31 March 2020	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Investments	5	19.59		120.25	139.84
- Others	5	-	-	15.73	15.73
<b>Total financial assets</b>		<b>19.59</b>	<b>-</b>	<b>135.98</b>	<b>155.57</b>
<b>Financial Liabilities</b>					
Borrowings	16, 18, 20	-	-	668.27	668.27
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>668.27</b>	<b>668.27</b>

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2019	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<b>Financial assets at FVTPL:</b>					
Investments					
- Preference shares	5	-	-	-	-
Derivative financial asset	6	-	5.41	-	5.41
<b>Financial Investments at FVOCI:</b>					
Investments					
- Equity instruments	5	141.63	10.63	4.88	157.14
- Others		-	-	-	-
Derivative financial asset	6	-	2.75	-	2.75
<b>Total financial assets</b>		<b>141.63</b>	<b>18.79</b>	<b>4.88</b>	<b>165.30</b>
<b>Financial liabilities</b>					
<b>Financial Investments at FVTPL:</b>					
Derivative financial liability	20	-	8.31	-	8.31
<b>Financial Investments at FVOCI:</b>					
Derivative financial liability	20	-	0.58	-	0.58
<b>Total financial liabilities</b>		<b>-</b>	<b>8.89</b>	<b>-</b>	<b>8.89</b>

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2019	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Investments					
- Equity instruments	5	19.59	-	105.90	125.49
- Others	5	-	-	12.73	12.73
<b>Total financial assets</b>		<b>19.59</b>	<b>-</b>	<b>118.63</b>	<b>138.22</b>
<b>Financial Liabilities</b>					
Borrowings	16, 18, 20	-	-	723.69	723.69
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>723.69</b>	<b>723.69</b>

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

#### (ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principle only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

FVTPL - Fair value through statement of Profit and Loss; FVOCI - Fair value through Other Comprehensive Income

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 35 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Risk Parameters and Mitigation
Market Risk - Foreign exchange		<ul style="list-style-type: none"> <li>i) The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions.</li> <li>ii) Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).</li> <li>iii) The risk is measured through a forecast of highly probable foreign currency cash flows. The Company has a forex management policy which is duly approved by the Board.</li> <li>iv) The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.</li> </ul>
Market Risk - Interest rate	Foreign currency denominated borrowings	<ul style="list-style-type: none"> <li>i) The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow risk.</li> <li>ii) Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps. The Company's fixed rate borrowings are carried at amortised cost.</li> <li>iii) Foreign currency borrowings are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.</li> </ul>
Liquidity Risk	Borrowings (Other than soft loans given by Govt. Authorities)	<ul style="list-style-type: none"> <li>i) The company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.</li> <li>ii) The Company prepares a detailed annual operating plans to assess the fund requirements - both short term and long term.</li> <li>iii) Detailed month-wise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance.</li> <li>iv) Company has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board.</li> <li>v) For long term fund requirements, Company targets various options such as rupee term loan, external commercial borrowing, debentures etc.</li> <li>vi) The Company obtains a credit rating for the various borrowing facilities on annual basis. Company constantly monitors the free cashflow from operations to ensure that the borrowing is minimized.</li> </ul>
Credit Risk		<ul style="list-style-type: none"> <li>i) Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost.</li> <li>ii) The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.</li> <li>iii) To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.</li> <li>iv) It considers available reasonable and supportive forward-looking information (more specifically described below).</li> <li>v) A default on a financial asset is when the counterparty fails to make contractual payments within 180 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.</li> </ul>
a.	Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
b.	Domestic Trade Receivables	<ul style="list-style-type: none"> <li>i) The Company extends credit to the customers and such extension of credit is based on customers' credit worthiness, ability to repay and past track record.</li> <li>ii) The Company has extensive reporting systems and review to constantly monitor the receivables.</li> </ul>
c.	Export Trade Receivables	The Company's export customers are Original Equipment Manufacturers with high credit rating. Export receivables are also covered through Insurance with Export Credit Guarantee Corporation of India Limited.

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 35 FINANCIAL RISK MANAGEMENT – (continued)

Risk	Exposure arising from	Risk Parameters and Mitigation
Export trade receivables and Import Payables		i) The Company has a forex management policy duly approved by the Board. The Company's policy is to hedge most of its net currency exposure. ii) Company reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements are strictly adhered.
Foreign currency denominated borrowings		The Company has hedged its borrowings by covering the principal repayments using Principal Only Swaps and cost reduction structure viz., Call Spread under the approved Forex management policy.

#### (A) Credit risk

##### Basis of recognition of expected credit loss & providing for such loss

Rating	Category	Description of category	Investments	Loans and deposits	Trade receivables
1	High Quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	12 month expected credit losses		Life time expected credit losses (simplified approach)
2	Quality assets, low credit risk	Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.			
3	Standard Assets, moderate credit risk	Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.			
4	Substandard Assets, relatively high credit risk	Assets where there has been a significant increase in credit risk since initial recognition.	Life time expected credit losses		
5	Low quality assets, very high credit risk	Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.			
6	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit and loss.	Asset is written off		

31-Mar-20

(Rupees in crores)

#### a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	1	Investments at amortised cost	15.73	–	–	15.73
	1	Other financial assets	15.15	–	–	15.15

#### b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	160.55	2.89	163.44
Expected loss rate	–	100%	–
Expected credit losses	–	2.89	2.89
Carrying amount of trade receivables	160.55	–	160.55

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

### 35 FINANCIAL RISK MANAGEMENT – (continued)

31-Mar-19

#### a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	1	Investments at amortised cost	12.73	–	–	12.73
	1	Other financial assets	17.08	–	–	17.08

#### b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	214.36	1.91	216.27
Expected loss rate	–	100%	–
Expected credit losses	–	1.91	1.91
Carrying amount of trade receivables	214.36	–	214.36

#### Reconciliation of loss allowance provision - Trade receivables

Loss allowance March 31, 2018	1.19
Changes in loss allowance	0.72
Loss allowance March 31, 2019	1.91
Changes in loss allowance	0.98
Loss allowance March 31, 2020	2.89

### (B) Liquidity risk

#### (i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 March, 2020	31 March, 2019
Floating rate - Expiring within one year (bank overdraft and other facilities)	605.00	575.83

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity ranging from 30 to 180 days.

#### (ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

31-Mar-20

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	259.56	44.54	120.09	241.33	6.43	671.95
Trade payables	179.85	–	–	–	–	179.85
Lease liabilities	3.80	3.69	7.14	34.65	2.25	51.53
Other financial liabilities	16.34	–	1.31	–	–	17.65
Derivatives	4.29	–	2.13	–	–	6.42

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 35 FINANCIAL RISK MANAGEMENT – (continued)

31-Mar-19

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	298.05	12.10	33.69	383.65	–	727.49
Trade payables	218.32	–	–	–	–	218.32
Other financial liabilities	23.78	–	6.03	–	–	29.81
Derivatives	0.58	–	–	8.31	–	8.89

#### (C) Market risk

##### i) Foreign exchange risk

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

Particulars	31-03-2020		31-03-2019	
	USD	EUR	USD	EUR
<b>Financial assets</b>				
Trade receivables	45.44	31.14	59.16	40.92
Derivatives	23.68	0.06	6.51	1.65
<b>Exposure to foreign currency risk (assets)</b>	<b>69.12</b>	<b>31.20</b>	<b>65.67</b>	<b>42.57</b>
<b>Financial liabilities</b>				
Foreign currency loan	314.25	–	329.29	–
Trade payables	36.73	1.83	69.92	10.47
Derivatives	14.97	0.99	8.88	–
<b>Exposure to foreign currency risk (liabilities)</b>	<b>365.95</b>	<b>2.82</b>	<b>408.09</b>	<b>10.47</b>
<b>Net Exposure to foreign currency risk assets / (liabilities)</b>	<b>(296.83)</b>	<b>28.38</b>	<b>(342.42)</b>	<b>32.10</b>

#### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

Particulars	Impact on profit after tax*		Impact on other components of equity*	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
USD sensitivity				
INR / USD Increases by 10%	(27.81)	(30.52)	1.39	0.04
INR / USD Decreases by 10%	27.81	30.52	(1.39)	(0.04)
EURO sensitivity				
INR / EURO Increases by 10%	2.50	2.85	0.02	0.01
INR / EURO Decreases by 10%	(2.50)	(2.85)	(0.02)	(0.01)

\* Holding all other variables constant

##### ii) Interest Rate risk

For short term borrowings the marginal cost of lending rate of the bank is followed. In respect of foreign currency borrowings for longer period, the interest rates are covered through interest rate swaps (IRS).

Particulars	31-Mar-20	31-Mar-19
Variable rate borrowings	347.59	395.07
Fixed rate borrowings	320.68	328.62

Sensitivity	Impact on profit after tax	
	31-Mar-20	31-Mar-19
Increase in interest rates by 100 bps	(3.09)	(3.52)
Decrease in interest rates by 100 bps	3.09	3.52

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 35 FINANCIAL RISK MANAGEMENT – (continued)

##### iii) Price risk

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through other comprehensive income or at fair value through statement of profit and loss. To manage its price risk from investments in equity securities, the Company diversifies its portfolio. The impact of the changes in price risk is not material.

#### (D) Impact of hedging activities

##### i) Disclosure of effects of hedge accounting on financial position

##### a) Disclosure of effects of hedge accounting on financial position as at 31-03-2020

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Foreign exchange forward contracts	106.54	–	0.06	4.29	Apr'20 to Jun'20	(6.24)	6.24
Principal only swaps, interest rate swaps (IRS) & Call Spread	–	314.25	23.68	11.67	Apr'20 to Feb'24	14.74	(14.74)

##### b) Disclosure of effects of hedge accounting on financial position as at 31-03-2019

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Foreign exchange forward contracts	73.84	29.95	2.58	0.58	Apr'19 to Jul'19	1.86	(1.86)
Principal only swaps, interest rate swaps (IRS) & Call spread	–	327.95	5.58	8.31	Apr'19 to Feb'24	1.22	(1.22)

##### ii) Disclosure of effects of hedge accounting on financial performance :

##### a) for the year ended 31-03-2020

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge :				
Foreign exchange forward contracts & IRS	(12.75)	–	(3.42)	–

##### b) for the year ended 31-03-2019

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge :				
Foreign exchange forward contracts & IRS	(4.12)	–	–	–



## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 35 FINANCIAL RISK MANAGEMENT – (continued)

Movements in Cash flow hedging reserve

Particulars	Forward contracts	Interest rate swap	Total
Opening balance as at March 31, 2018	0.36	(0.36)	–
Change in fair value of hedging instruments	0.26	(4.38)	(4.12)
Reclassification to statement of profit and loss	–	–	–
Deferred tax on the above	(0.09)	0.79	0.70
<b>Closing balance as at March 31, 2019</b>	<b>0.53</b>	<b>(3.95)</b>	<b>(3.42)</b>
Change in fair value of hedging instruments	(1.31)	(9.28)	(10.59)
Reclassification to statement of profit and loss	–	–	–
Deferred tax on the above	0.45	4.23	4.68
<b>Closing balance as at March 31, 2020</b>	<b>(0.33)</b>	<b>(9.00)</b>	<b>(9.33)</b>

#### 36 CAPITAL MANAGEMENT

##### (a) Risk management

The Company's objectives in regard to managing capital are

- safeguard its status as a going concern
- to ensure returns to shareholders
- to ensure benefits to stakeholders

In order to maintain optimum capital structure, the board may

- increase the capital by fresh issue of shares or
- reduce the same by return to equity holders
- vary the equity by increasing or reducing the quantum of dividend

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt divided by total equity

Gearing ratio refers to the level of a company's debt compared to its total equity.

The Company's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

Particulars	31-Mar-20	31-Mar-19
Net debt	617	722
Total equity	594	689
<b>Net debt to equity ratio</b>	<b>104%</b>	<b>105%</b>

##### (b) Dividends

Particulars	31-Mar-20	31-Mar-19
Equity shares:		
Dividend paid for the year ended 31.03.2020 (₹ 31.00 / share)	62.72	–
First Interim dividend paid for the year ended 31.03.2019 (₹ 20.00 / share)	–	40.46
Second Interim dividend paid for the year ended 31.03.2019 (₹ 16 / share)	–	32.37

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 37 OTHER DISCLOSURES

##### (i) Contingent liabilities

Details	31-Mar-20	31-Mar-19
(i) Claims against the company not acknowledged as debt		
- Income tax	4.35	4.35
- Service tax / Excise	0.87	0.83
- Value Added Tax	0.22	0.22
(ii) Guarantees excluding Financial Guarantees	0.05	0.07
(iii) Other money for which the Company is contingently liable	55.34	82.79
<b>Total</b>	<b>60.83</b>	<b>88.26</b>

##### (ii) Capital commitments

Details	31-Mar-20	31-Mar-19
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	11.80	9.08
(ii) Investments (On commitment for capital contribution to TVS Shriram Growth Fund 3 of TVS Capital Funds Limited, Chennai)	13.40	18.00
<b>Total</b>	<b>25.20</b>	<b>27.08</b>

##### (iii) Audit Fees

Details	31-Mar-20	31-Mar-19
As statutory auditors	0.48	0.42
Taxation matters	0.10	0.08
Certification matters	0.07	0.05
<b>Total</b>	<b>0.65</b>	<b>0.55</b>

##### (iv) Expenditure incurred on Corporate Social Responsibility activities:

Details	31-Mar-20	31-Mar-19
(a) Gross amount required to be spent by the Company during the year	0.01	0.12
(b) Amount spent during the year in cash:		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	0.02	0.25
<b>Total</b>	<b>0.02</b>	<b>0.25</b>

##### (v) Segment Reporting:

This disclosure is given as part of consolidated accounts.

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 37 OTHER DISCLOSURES – (continued)

(vi)	<b>Trade payables</b>	31-Mar-20	31-Mar-19
	Trade payables include amount due to micro and small scale industrial units	0.03	3.51
	Disclosure under Micro, Small and Medium Enterprises Development Act, 2006	31-Mar-20	31-Mar-19
	(i) The principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
	a) Principal (all are within agreed credit period and not due for payment)	0.03	3.51
	b) Interest (as no amount is overdue)	Nil	Nil
	(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
	(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
	(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
	(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
(vii)	<b>Trade receivables</b>	31-Mar-20	31-Mar-19
	Considered good - Unsecured	163.44	216.27
	Having significant increase in credit risk	–	–
	Credit impaired	–	–
	Total	163.44	216.27
	Loss allowance	2.89	1.91
	<b>Total trade receivables</b>	<b>160.55</b>	<b>214.36</b>
(viii)	<b>Research and development expenditure incurred and claimed under Income Tax Act, 1961</b>		
	<b>Details</b>	31-Mar-20	31-Mar-19
	a) Revenue Expenditure		
	Salaries & wages	6.73	7.04
	Materials / consumables / spares	0.02	0.02
	Software / data processing	0.50	0.57
	Power	0.39	0.39
	<b>Total - A</b>	<b>7.64</b>	<b>8.02</b>
	b) Capital expenditure		
	Others	–	0.08
	<b>Total - B</b>	<b>–</b>	<b>0.08</b>
	<b>Total expenditure (A + B)</b>	<b>7.64</b>	<b>8.10</b>

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 37 OTHER DISCLOSURES – (continued)

(ix) **Leases:**

a. Lease obligations

Details	31-Mar-20
Net Debt as at 31 <sup>st</sup> March 2019	53.57
On Adoption of Ind AS 116	
Cash flows	(5.83)
Deletions(preclosures)	(0.80)
Interest expenses	4.59
<b>Net debt as at 31<sup>st</sup> March 2020</b>	<b>51.53</b>
Current lease obligation	14.63
Non current lease obligation	36.90

b. Leases - Transition related

The Company has adopted Ind AS 116 'Leases' with the date of initial application being 1<sup>st</sup> April, 2019. Ind AS 116 replaces Ind AS 17 – Leases. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1<sup>st</sup> April, 2019. The comparative information in the financial statements would not be restated and would be presented based on the requirements of the previous standard i.e. Ind AS 17.

In adopting Ind AS 116, the Company has applied the below practical expedients:

1. The Company has not reassessed whether a contract is, or contains, a lease as per the definitions of Ind AS 116 at the date of initial application.
2. The Company applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
3. The Company relied on its assessment of whether leases are onerous applying Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, immediately before the date of initial application as an alternative to performing an impairment review as per Ind AS 36 Impairment of assets.
4. The Company has treated the leases with remaining lease term of less than 12 months as "short term leases".
5. The Company has excluded the initial direct costs from measurement of the right-to-use asset at the date of transition.
6. The Company used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

Effective 1<sup>st</sup> April 2019, the Company has applied Ind AS 116 Leases, using the modified retrospective approach. As a result, the Company has recognised Right-to-use - assets amounting to ₹ 46.97 crores and lease liability of ₹ 53.57 crores, with net impact of ₹ (4.30) crores (net of tax) recognised in retained earnings as at 01.04.2019.

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 38 RELATED PARTY DISCLOSURES

##### LIST OF RELATED PARTIES

- |                         |   |
|-------------------------|---|
| a) Reporting entity     | Sundaram-Clayton Limited, Chennai (SCL)   |
| b) Holding Company      | T V Sundram Iyengar & Sons Private Limited, Madurai   |
| c) Subsidiary companies | <ul style="list-style-type: none"><li>(i) TVS Motor Company Limited, Chennai (TVSM)</li><li>(ii) Sundaram Auto Components Limited, Chennai - Subsidiary of TVSM</li><li>(iii) TVS Housing Limited, Chennai - Subsidiary of TVSM</li><li>(iv) TVS Motor Services Limited, Chennai - Subsidiary of TVSM</li><li>(v) TVS Credit Services Limited, Chennai (TVSCS) - Subsidiary of TVSM</li><li>(vi) Harita Collection Services Private Limited, Chennai - Subsidiary of TVSCS</li><li>(vii) Harita ARC Private Limited, Chennai - Subsidiary of TVSCS</li><li>(viii) TVS Micro Finance Private Limited, Chennai - Subsidiary of TVSCS</li><li>(ix) TVS Commodity Financial Solutions Private Limited, Chennai - Subsidiary of TVSCS</li><li>(x) TVS Two Wheeler Mall Private Limited, Chennai - Subsidiary of TVSCS</li><li>(xi) TVS Housing Finance Private Limited, Chennai- Subsidiary of TVSCS</li><li>(xii) Sundaram Holding USA, Inc., Delaware USA -<br/>Subsidiary of Sundaram Auto Components Limited</li><li>(xiii) Green Hills Land Holding LLC, South Carolina, USA -<br/>Subsidiary of Sundaram Holding USA, Inc.</li><li>(xiv) Components Equipment Leasing LLC, South Carolina, USA -<br/>Subsidiary of Sundaram Holding USA, Inc.</li><li>(xv) Sundaram-Clayton USA, LLC, South Carolina, USA -<br/>Subsidiary of Sundaram Holding USA, Inc.</li><li>(xvi) Premier Land Holding LLC, South Carolina USA - Subsidiary of Sundaram Holding USA, Inc.</li><li>(xvii) Sundaram-Clayton (USA) Limited, Illinois, USA</li><li>(xviii) TVS Motor (Singapore) Pte. Limited, Singapore - Subsidiary of TVSM</li><li>(xix) PT TVS Motor Company Indonesia, Jakarta - Subsidiary of TVSM</li><li>(xx) TVS Motor Company (Europe) B.V. Amsterdam - Subsidiary of TVSM</li></ul> <p>Other related parties and their relationship where transaction exists</p> |
| d) Fellow Subsidiaries  | <ul style="list-style-type: none"><li>(i) TVS Electronics Limited, Chennai</li><li>(ii) TVS Investments Private Limited, Chennai</li><li>(iii) Southern Roadways Private Limited, Madurai</li><li>(iv) Sundaram Industries Private Limited, Madurai</li><li>(v) Lucas TVS Limited, Chennai</li><li>(vi) Lucas Indian Services Limited, Chennai</li><li>(vii) TVS Auto Assist (India) Limited, Chennai</li><li>(viii) Autosense Private Limited, Chennai</li><li>(ix) TVS Lanka Private Limited, Colombo</li></ul>   |

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 38 RELATED PARTY DISCLOSURES - (continued)

- |   |   |
|---|---|
| e) Group member   | (i) Sundram Fasteners Limited, Chennai<br>(ii) Delphi-TVS Technologies Limited, Chennai<br>(iii) India Nippon Electricals Limited, Chennai<br>(iv) TVS Supply Chain Solutions Limited, Chennai<br>(v) Sundaram Brake Linings Limited, Chennai<br>(vi) TVS Autoserv GmbH, Germany<br>(vii) TVS Dynamic Global Freight Services Limited, Chennai<br>(viii) Emerald Haven Realty Developers (Paraniputhur) Private Limited, Chennai<br>(ix) Emerald Haven Town and Country Private Limited, Chennai<br>(x) Brakes India Private Limited, Chennai<br>(xi) TVS Srichakra Limited, Madurai<br>(xii) Wheels India Limited, Chennai<br>(xiii) TVS Auto Bangladesh Limited, Dhaka<br>(xiv) Harita Techserv Private Limited, Chennai<br>(xv) TVS Upasana Limited, Chennai<br>(xvi) TVS Commutation Solutions Limited, Chennai |
| f) Associate companies                                  | (i) Sundram Non-Conventional Energy Systems Limited, Chennai<br>(ii) Emerald Haven Realty Limited, Chennai<br>(iii) TVS Training and Services Limited, Chennai<br>(iv) Tagbox Solutions Private Limited, Bengaluru<br>(v) Tagbox Pte Limited, Singapore   |
| g) Key management personnel(KMP)                        | Executive Directors:<br>(i) Mr Venu Srinivasan, Chairman and Managing Director<br>(ii) Dr. Lakshmi Venu, Joint Managing Director<br><br>Non-Executive Directors:<br>Independent Directors:<br>(i) Vice Admiral P.J.Jacob (Retd.)<br>(ii) Mr. V.Subramanian<br>(iii) Mr. S.Santhanakrishnan<br>(iv) Mr. R.Gopalan<br>(v) Mr. R.Vijayaraghavan<br>(vi) Mr. Kamlesh Gandhi<br>(vii) Mrs. Sasikala Varadachari<br><br>Non-Independent Directors:<br>(i) Mr. Sudarshan Venu<br>(ii) Mr. T.K. Balaji<br>(iii) Mr. Gopal Srinivasan  |
| h) Relative of KMP                                      | (i) Mrs. Mallika Srinivasan   |
| i) Enterprise over which KMP have significant influence | (i) Harita-NTI Limited, Chennai<br>(ii) Emerald Haven Estates Limited, Chennai<br>(iii) Sundram Services Limited, Chennai   |

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 38 RELATED PARTY DISCLOSURES - (continued)

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	Group member	KMP-Significant Influence	KMP	Relative of KMP	Total	
1	Purchase of goods	Harita-NTI Limited, Chennai	-	-	-	-	-	2.77	-	-	2.77	
		T V Sundram Iyengar & Sons Pvt Ltd., Madurai	0.11	-	-	-	-	-	-	-	0.11	
			0.11	-	-	-	-	2.77	-	-	2.88	
			(0.16)	-	-	-	-	(4.50)	-	-	(4.66)	
2	Sale of goods (including sub contract charges)	TVS Motor Company Limited, Chennai	-	265.20	-	-	-	-	-	-	265.20	
		Sundaram-Clayton USA, LLC, South Carolina, USA	-	3.29	-	-	-	-	-	-	3.29	
		Sundram Fasteners Limited, Chennai	-	-	-	-	-	1.76	-	-	1.76	
		Delphi-TVS Technologies Limited, Chennai	-	-	-	-	-	13.95	-	-	13.95	
			-	268.49	-	-	-	15.71	-	-	284.20	
			-	(403.89)	-	-	-	(19.88)	-	-	(423.77)	
3	Purchase of power	Sundram Non Conventional Energy Systems Limited, Chennai	-	-	-	0.68	-	-	-	-	0.68	
			-	-	-	(0.71)	-	-	-	-	(0.71)	
4	Rendering of services	TVS Motor Company Limited, Chennai	-	40.80	-	-	-	-	-	-	40.80	
		Sundaram Auto Components Limited, Chennai	-	3.37	-	-	-	-	-	-	3.37	
		TVS Credit Services Limited, Chennai	-	2.25	-	-	-	-	-	-	2.25	
		Sundaram-Clayton USA LLC, South Carolina, USA	-	4.76	-	-	-	-	-	-	4.76	
		TVS Motor Services Limited, Chennai - (Subsidiary) - (₹ 5,000)	-	-	-	-	-	-	-	-	-	
		TVS Electronics Limited, Chennai	-	-	0.15	-	-	-	-	-	0.15	
		TVS Investments Private Limited, Chennai - (Fellow Subsidiary) - (₹ 5,000)	-	-	-	-	-	-	-	-	-	
		Emerald Haven Realty Developers (Paraniputhur) Private Limited, Chennai - (Group member)- (₹ 5,000)	-	-	-	-	-	-	-	-	-	
		Emerald Haven Town and Country Private Limited, Chennai - (Group member) - (₹ 5,000)	-	-	-	-	-	-	-	-	-	
		India Nippon Electricals Limited, Chennai	-	-	-	-	-	0.05	-	-	-	0.05
		TVS Training and Services Limited, Chennai - (Associates) - (₹ 5,000)	-	-	-	-	-	-	-	-	-	
		Emerald Haven Realty Limited, Chennai	-	-	-	-	0.21	-	-	-	-	0.21
		Emerald Haven Estates Limited, Chennai - (KMP) - (₹ 5,000)	-	-	-	-	-	-	-	-	-	
		Emerald Haven Life Spaces (Radial Road) Limited, Chennai - (Group Member) (₹ 5,000)	-	-	-	-	-	-	-	-	-	
		Sundram Services Limited, Chennai - (KMP) - (₹ 24,000)	-	-	-	-	-	-	-	-	-	
		Harita-NTI Limited, Chennai	-	-	-	-	-	-	0.39	-	-	0.39
			-	51.18	0.15	0.21	0.05	0.39	-	-	-	51.98
	-	(41.33)	(0.14)	(0.04)	(0.05)	(0.53)	-	-	-	(42.09)		
5	Receiving of services	Sundaram Auto Components Limited, Chennai	-	3.97	-	-	-	-	-	-	3.97	
		Sundaram-Clayton (USA) Limited, Illinois, USA	-	0.05	-	-	-	-	-	-	0.05	
		T V Sundram Iyengar & Sons Private Limited, Madurai	0.15	-	-	-	-	-	-	-	0.15	
		TVS Training and Services Limited, Chennai	-	-	-	0.02	-	-	-	-	0.02	
		TVS Motor Company Limited, Chennai	-	1.59	-	-	-	-	-	-	1.59	
		TVS Electronics Limited, Chennai	-	-	0.69	-	-	-	-	-	0.69	
		TVS Supply Chain Solutions Limited, Chennai	-	-	-	-	2.04	-	-	-	2.04	
		Sundaram Brake Linings Limited, Chennai	-	-	-	-	0.04	-	-	-	0.04	
		TVS Dynamic Global Freight Services Limited, Chennai	-	-	-	-	14.24	-	-	-	14.24	
		TVS Autoserv GmbH, Germany	-	-	-	-	5.35	-	-	-	5.35	
		Sundram Fasteners Limited, Chennai	-	-	-	-	0.23	-	-	-	0.23	
			0.15	5.61	0.69	0.02	21.90	-	-	-	28.37	
	(0.27)	(7.34)	(1.31)	(0.18)	(30.95)	-	-	-	(40.05)			

Previous year's figures are furnished in brackets



## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 38 RELATED PARTY DISCLOSURES - (continued)

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	Group member	KMP-Significant Influence	KMP	Relative of KMP	Total
6	Lease rent paid	Sundaram Auto Components Limited, Chennai	-	0.02	-	-	-	-	-	-	0.02
	Lease rent received	Sundram Non Conventional Energy Systems Limited, Chennai - ₹ 48,000 (Associates)	-	-	-	-	-	-	-	-	-
			-	0.02	-	-	-	-	-	-	0.02
			-	(0.02)	-	-	-	-	-	-	(0.02)
7	Remuneration paid	Key Management Personnel	-	-	-	-	-	3.99	-	-	3.99
			-	-	-	-	-	(8.11)	-	-	(8.11)
8	Investments	Sundaram Holding USA Inc., USA	-	14.35	-	-	-	-	-	-	14.35
			-	(33.85)	-	-	-	-	-	-	(33.85)
9	Dividend received	Sundram Non-Conventional Energy Systems Limited, Chennai	-	-	-	0.35	-	-	-	-	0.35
		TVS Motor Company Limited, Chennai	-	95.44	-	-	-	-	-	-	95.44
			-	95.44	-	0.35	-	-	-	-	95.79
			-	(95.44)	-	(0.35)	-	-	-	-	(95.79)
10	Outstanding as on 31 <sup>st</sup> March 2020 Receivables	TVS Motor Company Limited, Chennai	-	24.26	-	-	-	-	-	-	24.26
		TVS Motor Services Limited, Chennai - (₹ 14,160)	-	-	-	-	-	-	-	-	-
		TVS Credit Services Limited, Chennai	-	0.59	-	-	-	-	-	-	0.59
		Sundaram-Clayton USA, LLC, South Carolina, USA	-	0.42	-	-	-	-	-	-	0.42
		TVS Investments Private Limited, Chennai - (Fellow Subsidiary) (₹ 5,900)	-	-	-	-	-	-	-	-	-
		Delphi-TVS Technologies Limited, Chennai	-	-	-	-	1.73	-	-	-	1.73
		Sundaram-Clayton (USA) Limited, Illinois, USA	-	0.08	-	-	-	-	-	-	0.08
		Harita-NTI Limited, Chennai	-	-	-	-	-	0.07	-	-	0.07
		Emerald Haven Realty Limited, Chennai	-	-	-	-	0.11	-	-	-	0.11
		India Nippon Electricals Limited, Chennai	-	-	-	-	0.02	-	-	-	0.02
		Emerald Haven Realty Developers (Paraniputhur) Private Limited, Chennai - (Group member) (₹ 24,780)	-	-	-	-	-	-	-	-	-
		Sundram Fasteners Limited, Chennai	-	-	-	-	0.45	-	-	-	0.45
		TVS Electronics Limited, Chennai	-	-	0.04	-	-	-	-	-	0.04
			-	25.35	0.04	0.11	2.20	0.07	-	-	27.77
	-	(32.89)	(0.04)	(0.03)	(4.82)	(0.02)	-	-	(37.80)		
11	Outstanding as on 31 <sup>st</sup> March 2020 Payables	TVS Electronics Limited, Chennai	-	-	0.11	-	-	-	-	-	0.11
		TVS Motor Company Limited, Chennai	-	0.23	-	-	-	-	-	-	0.23
		TVS Credit Services Limited, Chennai	-	0.26	-	-	-	-	-	-	0.26
		Sundaram Auto Components Limited, Chennai	-	0.39	-	-	-	-	-	-	0.39
		T V Sundram Iyengar & Sons Private Limited, Madurai	0.01	-	-	-	-	-	-	-	0.01
		TVS Training and Services Limited, Chennai - (Associates) (₹ 26,633)	-	-	-	-	-	-	-	-	-
		Sundram Non-Conventional Energy Systems Limited, Chennai	-	-	-	-	-	-	-	-	-
		TVS Supply Chain Solutions Limited, Chennai	-	-	-	-	0.10	-	-	-	0.10
		TVS Autoserv GmbH, Germany	-	-	-	-	1.15	-	-	-	1.15
		Sundram Fasteners Limited, Chennai	-	-	-	-	0.05	-	-	-	0.05
		TVS Dynamic Global Freight Services Limited, Chennai	-	-	-	-	4.57	-	-	-	4.57
		Sundaram Brake Linings Limited, Chennai	-	-	-	-	0.05	-	-	-	0.05
		Harita-NTI Limited, Chennai	-	-	-	-	-	0.32	-	-	0.32
			0.01	0.88	0.11	-	5.92	0.32	-	-	7.24
	(0.01)	(2.29)	(0.16)	(0.02)	(4.74)	(0.37)	-	-	(7.59)		

Previous year's figures are furnished in brackets

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 39 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015

	Particulars	Name of the Company		Amount outstanding as on 31-03-2020	Amount outstanding as on 31-03-2019
a)	Loans and advances				
(i)	Loans and advances in the nature of loans made to subsidiary company	NIL		-	-
(ii)	Loans and advances in the nature of loans made to associate company	NIL		-	-
(iii)	Loans and advances in the nature of loans where there is				
1)	no repayment schedule or repayment beyond seven years (or)	NIL		-	-
2)	no interest or interest below section 186 of the Companies Act, 2013	NIL		-	-
(iv)	Loans and advances in the nature of loans made to firms/companies in which directors of the company are interested	NIL		-	-
b)	Investments by the company				
(i)	In subsidiary companies	TVS Motor Company Limited, Chennai (27,26,82,786 equity shares of ₹1/- each fully paid up) Maximum amount held at any time During the year During the previous year	19.59 19.59	19.59	19.59
		Sundaram-Clayton (USA) Limited, Chicago, Illinois, USA (100 equity shares of USD 1 each fully paid up) Maximum amount held at any time During the year During the previous year	0.001 0.001	0.001	0.001
		Sundaram Holding USA Inc., Delaware USA (1,50,00,000 (last year - 1,30,00,000) Equity Shares of USD-1 each fully paid-up) Maximum amount held at any time During the year	100.36 100.36	100.36	86.01

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 39 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015 - (continued)

	Particulars	Name of the Company		Amount outstanding as on 31-03-2020	Amount outstanding as on 31-03-2019
(i)	In subsidiary companies - (continued)	During the previous year	86.01		
		TVS Credit Services Limited, Chennai (21,80,250 equity shares of ₹10/- each fully paid up)		17.01	17.01
		Maximum amount held at any time			
		During the year	17.01		
(ii)	In associate companies	During the previous year	17.01		
		Sundram Non-conventional Energy Systems Limited, Chennai (1,17,650 Equity shares of ₹ 10/- each fully paid-up)		0.12	0.12
		Maximum amount held at any time			
		During the year	0.12		
		During the previous year	0.12		
		TVS Training & Services Limited, Chennai (27,63,359 Equity shares of ₹ 10/- each fully paid-up)		2.76	2.76
		Maximum amount held at any time			
		During the year	2.76		
During the previous year	2.76				

40 Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

VENU SRINIVASAN  
Chairman & Managing Director

Dr. LAKSHMI VENU  
Joint Managing Director

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

VIVEK S JOSHI  
President & CEO

K GOPALA DESIKAN  
Chief Financial Officer

R RAJA PRAKASH  
Company Secretary

V SATHYANARAYANAN  
Partner  
Membership No. 027716

Chennai  
29<sup>th</sup> May 2020

**Consolidated Financial Statements**  
**of**  
***Sundaram-Clayton Limited***

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## Consolidated Financial Statements of Sundaram-Clayton Limited

### Independent Auditor's Report on the consolidated IND AS financial statements for the year ended 31<sup>st</sup> March 2020

To the Members of  
**Sundaram-Clayton Limited**

#### **Report on the Audit of the Consolidated IND AS Financial Statements Opinion**

We have audited the accompanying consolidated financial statements of Sundaram-Clayton Limited (hereinafter referred to as the 'Holding Company'), its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), and its associates, which comprise the consolidated Balance Sheet as at 31<sup>st</sup> March, 2020, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, ('the Act') in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31<sup>st</sup> March, 2020, the consolidated profit, consolidated total comprehensive Income, consolidated changes in equity and its consolidated cash flows for the year then ended.

#### **Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by Institute of Chartered Accountants of India (ICAI), together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013 and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion on the consolidated financial statements.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of the most significant in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No.	Key Audit Matter	Auditor's Response
1	<p><b>Overseas Equity Investments</b></p> <p>Equity Investments in overseas subsidiaries, account for a significant percentage of the Company's total equity investments. To assess annually, whether there are indications of impairment requires significant management judgment in determining the recoverable amount of these equity investments.</p>	<p><b>Principal Audit Procedures</b></p> <p>Management has obtained a valuation of the equity investment in the overseas subsidiary from a valuer, that is based on projected annual cash flows of the overseas subsidiary. We gained an understanding of the key assumptions used to forecast the cash flows and the discount rates applied (WACC) in arriving at the fair value.</p> <p>We consider that the management conclusions concerning the absence of impairment in the equity investment are adequately supported and consistent with the information currently available.</p>
2	<p><b>Application of IND AS 116</b></p> <p>From 1<sup>st</sup> April 2019, IND AS 116 has to be applied on all applicable leasing contracts with the application and appropriate accounting treatment of identifying lease liability, right to use asset, interest on such lease.</p>	<p><b>Principal Audit Procedures</b></p> <p>The company has employed an external agency to assist with the transition into IND AS 116 during the financial year and has extensively documented, for each of its leases, based on a policy of general materiality, the applicability or non-applicability of the standard, to such lease.</p> <p>We have verified the new leases during the year for anew assets leased during the year and have found that the approach applied is consistent to the policy in place and also in line with the requirements of the standard.</p> <p>The company has had modifications in lease by way of changes in lease period. The company has appropriately treated this in the book of accounts with proper recognition of lease liability.</p> <p>We have also performed an independent verification of the calculation of the lease liability, interest on lease and right to use assets based on the information made available to us and found the results satisfactory.</p>

#### **Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors and management is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report.

## Consolidated Financial Statements of Sundaram-Clayton Limited

Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group, in accordance with the Ind AS and other accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and its associates are responsible for assessing the ability of the each of the companies in the Group and its associates, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and its associates or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and its associates, are responsible for overseeing the financial reporting process of each of the companies in the Group and its associates.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material

misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher, than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company, its subsidiary companies and its associates which are companies incorporated in India and outside India, have adequate internal financial controls system in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of directors;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the companies in the Group and its associates, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However, future events or conditions may cause the Group and its associates, to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements



## Consolidated Financial Statements of Sundaram-Clayton Limited

of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

- (a) The consolidated annual financial results include the audited financial results of eighteen subsidiaries and three associates, whose financial statements reflect total assets of ₹ 12,099.82 crores as at 31 March 2020, total revenue of ₹ 3,746.83 crores and ₹ 17,386.79 crores, share in the losses of associates of ₹ 1.26 crores and ₹ 2.68 crores, and total net profit after tax of ₹ 25.52 crores and ₹ 502.29 crores for the quarter ended 31<sup>st</sup> March 2020 and for the year ended 31<sup>st</sup> March 2020 respectively and net cash outflows of ₹ 612.42 crores for the year ended on that date, as considered in the consolidated annual financial results, which have been audited by their respective independent auditors. The independent auditors' reports on financial statements of these entities have been furnished to us by the management and our opinion on the consolidated annual financial results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.
- (b) The consolidated annual financial results include the unaudited financial results of two associates, whose financial statements

reflect total share in the losses of associates of ₹ 0.26 crores and ₹ 0.78 crores for the quarter ended 31<sup>st</sup> March 2020 and the year ended as on that date respectively. These unaudited Financial Statements have been furnished to us by the Board of Directors and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates is based solely on such unaudited Financial Statements.

- (c) For the nine subsidiaries and one associate that are located outside India, the financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries. The Holding Company's Management has converted financial statements of such subsidiaries and associate located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. These conversion adjustments made by the Holding Company management. We have reviewed these conversion adjustments made by the Holding Company's Management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries and associate located outside India is based on the report prepared by the management of the Holding Company.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) Of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India and outside India, none of the directors of the Group companies, its associate companies incorporated in India and outside India, is disqualified

## Consolidated Financial Statements of Sundaram-Clayton Limited

- as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the Group and its associates consisting of subsidiaries, which are all incorporated in India and outside India, and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. - Refer Note 38(i) to the consolidated financial statements.
  - Provision has been made in the consolidated financial statements, as required under the applicable law or accounting

Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 35 to the consolidated financial statements in respect of such items as it relates to the Group.

- There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

V. SATHYANARAYANAN  
Partner

Place : Bengaluru  
Date : 29<sup>th</sup> May 2020

Membership No. 027716  
UDIN : 20027716AAAAFM7504

### Annexure 'A' to the Independent Auditors' Report on the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

#### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31<sup>st</sup> March 2020, we have audited the internal financial controls over financial reporting of Sundaram-Clayton Limited (hereinafter referred to as the 'Holding Company'), "Chaitanya", No.12, Khader Nawaz Khan Road, Chennai 600 006, and its subsidiaries and its associate companies which are incorporated in India and outside India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective BODs of the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India and outside India, are responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (" the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company, its subsidiary companies, based on our audit. We conducted our audit in accordance

with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained, and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the company, its subsidiaries and its associate companies, which are companies incorporated in India and outside India.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements

## Consolidated Financial Statements of Sundaram-Clayton Limited

for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Company, its subsidiary companies and its associate companies which are all incorporated in India and outside India, have, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2020, based on internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by Institute of Chartered Accountants of India.

### **Other matters**

Our aforesaid report under Section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to its subsidiary companies and associate companies, which are companies incorporated in India and outside India, is based on the corresponding reports of the auditors of such companies incorporated in India and outside India.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

V. SATHYANARAYANAN  
Partner

Place : Bengaluru  
Date : 29<sup>th</sup> May 2020

Membership No. 027716  
UDIN : 20027716AAAAFM7504

## Consolidated Financial Statements of Sundaram-Clayton Limited

### CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2020

(Rupees in crores)

Particulars	Notes	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	3,741.66	3,715.46
Capital work in progress	2	858.19	615.03
Investment Properties		137.71	137.71
Goodwill	2	112.61	112.61
Other intangible assets	3	183.82	64.27
Intangibles under development		158.87	140.59
Right of use Assets	4	283.81	–
Financial assets			
i. Investments	5	334.74	490.68
ii. Loans (Receivable from financing activity)	10	4,069.81	3,624.80
iii. Others	13	52.55	33.48
Investments accounted using equity method	6	135.62	127.08
Non-Current tax assets (Net)		28.34	28.06
Other non-current assets	7	176.25	169.69
<b>Total non-current assets</b>		<b>10,273.98</b>	<b>9,259.46</b>
<b>Current assets</b>			
Inventories	8	1,459.47	1,622.87
Financial assets			
i. Trade receivables	9	1,590.42	1,725.25
ii. Loans (Receivable from financing activity)	10	5,385.52	4,599.83
iii. Cash and cash equivalents	11	1,130.58	164.67
iv. Investments		1.75	–
v. Bank balances other than (iii) above	12	29.55	45.00
vi. Others	13	128.75	113.09
Current tax assets (Net)		22.42	36.38
Other current assets	14	589.66	603.28
<b>Total current assets</b>		<b>10,338.12</b>	<b>8,910.37</b>
<b>Total Assets</b>		<b>20,612.10</b>	<b>18,169.83</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	15	10.12	10.12
Other equity	16	2,453.34	2,463.67
Equity attributable to owners		2,463.46	2,473.79
Non controlling interest	16	1,516.21	1,425.66
<b>Total equity</b>		<b>3,979.67</b>	<b>3,899.45</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
i. Borrowings	17	5,468.98	5,292.82
ii. Lease Liabilities		231.18	–
iii. Others	22	19.38	8.31
Provisions	18	146.35	112.75
Deferred tax liabilities (net)	19	59.44	77.31
<b>Total non-current liabilities</b>		<b>5,925.33</b>	<b>5,491.19</b>
<b>Current liabilities</b>			
Financial liabilities			
i. Borrowings	20	4,036.69	3,548.98
ii. Trade payables	21	3,333.74	3,343.38
iii. Lease liabilities		62.26	–
iv. Other financial liabilities	22	2,724.42	1,395.38
Other current liabilities	23	427.59	405.33
Provisions	18	122.40	86.12
Current tax liabilities (Net)		–	–
<b>Total current liabilities</b>		<b>10,707.10</b>	<b>8,779.19</b>
<b>Total liabilities</b>		<b>16,632.43</b>	<b>14,270.38</b>
<b>Total equity and liabilities</b>		<b>20,612.10</b>	<b>18,169.83</b>
Significant accounting policies	1		

The accompanying notes are an integral part of these financial statements

VENU SRINIVASAN  
Chairman & Managing Director

Dr. LAKSHMI VENU  
Joint Managing Director

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

VIVEK S JOSHI  
President & CEO

K GOPALA DESIKAN  
Chief Financial Officer

R RAJA PRAKASH  
Company Secretary

V SATHYANARAYANAN  
Partner  
Membership No. 027716

Chennai  
29<sup>th</sup> May 2020

## Consolidated Financial Statements of Sundaram-Clayton Limited

### STATEMENT OF CONSOLIDATED PROFIT & LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020

Particulars	Notes	Year ended 31.03.2020	Year ended 31.03.2019
(Rupees in crores)			
<b>I Income</b>			
Revenue from operations	24	19,858.74	21,547.89
Other income	25	56.17	27.75
<b>Total income</b>		<b><u>19,914.91</u></b>	<b><u>21,575.64</u></b>
<b>II Expenses</b>			
Cost of material consumed	26	12,364.70	14,309.23
Purchase of stock in trade	26	259.20	244.84
Changes in inventories of finished goods, stock-in-trade and work-in-process	26	42.64	(85.19)
Employee benefit expenses	27	1,761.02	1,713.41
Finance costs	28	909.94	718.56
Depreciation and amortisation expense	29	648.65	533.90
Other expenses	30	3,020.33	3,026.77
<b>Total expenses</b>		<b><u>19,006.48</u></b>	<b><u>20,461.52</u></b>
<b>III Profit before exceptional items, share of net profit of investment and tax (I-II)</b>		<b>908.43</b>	<b>1,114.12</b>
IV Share of net profit from associates using equity method		(2.49)	3.62
<b>V Profit before exceptional items and tax (III+IV)</b>		<b>905.94</b>	<b>1,117.74</b>
VI Exceptional items		(60.73)	-
<b>VII Profit before tax (V+VI)</b>		<b>845.21</b>	<b>1,117.74</b>
VIII Tax expense			
Current tax	30	293.71	371.22
Deferred tax	31	(75.06)	(3.25)
<b>IX Profit for the year (VII-VIII)</b>		<b>626.56</b>	<b>749.77</b>
X (Profit) / Loss attributable to Non-controlling Interest		(289.44)	(317.63)
<b>XI Profit for the year attributable to owners (IX-X)</b>		<b>337.12</b>	<b>432.14</b>
<b>XII Other comprehensive income</b>			
(A) Items that will not be reclassified to profit and loss			
Remeasurements of post employment benefit obligations		(60.81)	9.03
Change in fair value of equity instruments		(109.54)	(29.77)
Share of other comprehensive income from associates using equity method		(0.06)	(0.07)
Income tax relating to these items		16.38	0.97
(B) Items that will be reclassified to profit and loss			
Fair value changes on cash flow hedges		(101.28)	(6.23)
Change in fair value of debt instruments		-	-
Foreign currency translation adjustments		32.42	4.83
Income tax relating to these items		27.67	1.44
<b>Other comprehensive income for the year, net of tax</b>		<b><u>(195.22)</u></b>	<b><u>(19.80)</u></b>
<b>XIII Other Comprehensive income attributable to non-controlling interest (profit) / loss</b>		49.90	2.07
<b>XIV Total comprehensive income attributable to owners (XI + XII + XIII)</b>		<b>191.80</b>	<b>414.41</b>
Earnings per equity share			
Basic & Diluted earnings per share	33	166.63	213.59
The accompanying notes are an integral part of these financial statements			

VENU SRINIVASAN  
Chairman & Managing Director

Dr. LAKSHMI VENU  
Joint Managing Director

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
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Chennai  
29<sup>th</sup> May 2020

## Consolidated Financial Statements of Sundaram-Clayton Limited

### STATEMENT OF CHANGES IN EQUITY

(Rupees in crores)

#### a. Equity Share Capital

As at 01-04-2018	10.12
Changes in equity share capital	-
As at 31-03-2019	10.12
Changes in equity share capital	-
As at 31-03-2020	10.12

#### b. Other equity

Particulars	Reserves & Surplus					Other Reserves			Non Controlling Interest	Total
	General reserve	Capital reserve	Securities Premium	Statutory reserve	Retained earnings	Equity Instruments Fair Value through Other Comprehensive Income	Foreign currency translation reserve	Hedging reserves		
<b>Balance as at 01-04-2018</b>	<b>658.10</b>	<b>99.11</b>	<b>36.42</b>	<b>10.28</b>	<b>1,138.21</b>	<b>212.83</b>	<b>(12.99)</b>	<b>(0.64)</b>	<b>1,191.21</b>	<b>3,332.53</b>
Add : Profit for the year 2018-19					432.14	-	-	-	317.63	749.77
Add: Other comprehensive income for the year 2018-19					-	(19.77)	4.83	(4.79)	(2.07)	(21.80)
Less: OCI share of an associate					(0.07)					(0.07)
Less: Transferred to retained earnings								(2.34)		(2.34)
Less: Exchange differences								0.26		0.26
Add : Transferred from retained earnings to statutory reserve				15.04	(15.04)					-
Add : Transaction with non controlling interest					4.26				4.09	8.35
Less : Distribution to shareholders : 2018-19 First Interim dividend paid					(40.46)				(42.50)	(82.96)
2018-19 Second Interim dividend paid					(32.37)				(28.34)	(60.71)
Less: Dividend Tax*					(19.34)				(14.36)	(33.70)
<b>Balance as at 31-03-2019</b>	<b>658.10</b>	<b>99.11</b>	<b>36.42</b>	<b>25.32</b>	<b>1,467.33</b>	<b>193.06</b>	<b>(8.16)</b>	<b>(7.51)</b>	<b>1,425.66</b>	<b>3,889.33</b>
Add : Profit for the year 2019-20					337.12	-	-	-	289.44	626.56
Add: Other comprehensive income for the year 2019-20					(31.60)	(92.51)	22.40	(43.54)	(49.90)	(195.16)
Less: OCI share of an associate					(0.06)					(0.06)
Less : Opening Reserve adjustment on IND AS 115,					(5.52)					(5.52)
Less: Opening Reserve adjustment on IND AS116,					(7.00)				(2.32)	(9.32)
Less: Fair value loss on Non Cumulative Redeemable Preference shares, other equity investments and Deferred taxes					(115.87)	(5.63)			(86.00)	(207.50)
Add : Transferred from retained earnings to statutory reserve				17.28	(17.28)					-
Add : Transaction with non controlling interest					13.78				24.54	38.32
Less : Distribution to shareholders : 2019-20 First Interim dividend paid					-				(42.50)	(42.50)
2019-20 Second Interim dividend paid					(62.52)				(28.33)	(90.85)
Less: Dividend Tax*					(19.37)				(14.38)	(33.75)
<b>Balance as at 31-03-2020</b>	<b>658.10</b>	<b>99.11</b>	<b>36.42</b>	<b>42.60</b>	<b>1,559.00</b>	<b>94.92</b>	<b>14.24</b>	<b>(51.05)</b>	<b>1,516.21</b>	<b>3,969.55</b>

\* The Company has taken credit for the dividend distribution tax paid by one of the subsidiary companies on the dividend declared as per Section 115-O (1A) of the Income Tax Act, 1961.

#### Nature and purpose of reserves:

Security premium reserve: This consist of premium realised on issue of shares and will be applicable / utilised in accordance with the provisions of the Companies Act, 2013  
 General reserve: General reserve is part of retained earnings. This is available for distribution to shareholders as dividend and capitalisation.

VENU SRINIVASAN  
 Chairman & Managing Director

Dr. LAKSHMI VENU  
 Joint Managing Director

As per our report annexed  
 For RAGHAVAN, CHAUDHURI & NARAYANAN  
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 Partner  
 Membership No. 027716

Chennai  
 29<sup>th</sup> May 2020



## Consolidated Financial Statements of *Sundaram-Clayton Limited*

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020

	(Rupees in crores)	
	Year ended 31.03.2020	Year ended 31.03.2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	845.21	1,117.74
Adjustments for:		
Depreciation and amortisation for the year	648.65	533.90
Loss on sale / scrapping of property, plant and equipment	3.69	3.85
Profit on sale of property, plant and equipment	(2.55)	(0.16)
Dividend income	(2.54)	(2.16)
Interest income	(28.37)	(6.86)
Unrealised exchange (gain) / Loss	10.78	(4.62)
Increase in fair value of financial assets	(1.10)	(0.50)
Loss on sale of investment	0.21	–
Profit on sale of investment	(0.03)	(1.01)
Interest expense (excluding relatable to financial enterprise)	210.14	160.74
	838.88	683.18
<b>Operating profit before working capital changes</b>	<b>1,684.09</b>	<b>1,800.92</b>
Adjustments for:		
Inventories	163.40	(205.87)
Trade Receivables	134.83	(412.55)
Other financial assets	(34.73)	(25.19)
Other Bank balances	15.45	26.62
Other non-current assets	(6.84)	(5.09)
Other current assets	27.58	140.58
Loans (Receivable from financing activity)	(1,230.70)	(2,092.93)
Provisions	9.07	9.84
Trade Payables	(9.64)	329.61
Other Financial liabilities	(74.78)	42.02
Other current liabilities	22.26	6.81
	(984.10)	(2,186.15)
Cash generated from operations	699.99	(385.23)
Direct taxes paid	(241.82)	(324.73)
<b>Net cash from operating activities</b>	<b>458.17</b>	<b>(709.96)</b>
	<b>(A)</b>	
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment (including Capital work in progress)	(1,040.30)	(1,308.89)
Sale of fixed assets	31.42	10.34
Investment accounted using equity method	(14.06)	–
(Purchase) / Sale of investments	(107.73)	(34.42)
Contribution from non controlling interest	45.00	–
Interest received	28.37	6.86
Dividend received	2.54	2.16
<b>Net Cash from / (used in) investing activities</b>	<b>(1,054.76)</b>	<b>(1,323.95)</b>
	<b>(B)</b>	



## Consolidated Financial Statements of Sundaram-Clayton Limited

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020 - (continued)

		(Rupees in crores)	
		Year ended 31.03.2020	Year ended 31.03.2019
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net Borrowings:			
Term loans availed / (repaid)		1,511.22	2,386.59
Short term borrowings availed / (repaid)		720.57	36.12
Interest paid		(210.14)	(160.74)
Dividend and dividend tax paid		(167.11)	(177.38)
Repayment of lease liabilities		(59.18)	–
<b>Net cash from financing activities</b>	<b>(C)</b>	<u>1,795.36</u>	<u>2,084.59</u>
<b>D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	<b>(A + B + C)</b>	<u>1,198.77</u>	<u>50.68</u>
Cash and cash equivalents at the beginning of the year			
Cash and Bank balances		164.67	103.37
Cash credit balance		(271.21)	(157.22)
		<u>(106.54)</u>	<u>(260.59)</u>
Cash and cash equivalents at the end of the year			
Cash and Bank balances		1,130.58	164.67
Cash credit balance		(38.35)	(106.54)
		<u>1,092.23</u>	<u>(271.21)</u>

Change in liability arising from financing activities						
Particulars	Note	01/04/2019	Cash flow	Fair Value change	Foreign exchange movement	31/03/2020
Long term borrowings (including current maturities)	17	6,468.96	1511.22	(6.96)	10.78	7,984.00
Short term borrowings	20	3,277.77	720.57	–	–	3,998.34

Notes:

- 1 The above statement has been prepared in indirect method except in case of dividend, tax and purchase and sale of investments which have been considered on the basis of actual movement of cash.
- 2 Cash and cash equivalents include cash and bank balances.

VENU SRINIVASAN  
Chairman & Managing Director

Dr. LAKSHMI VENU  
Joint Managing Director

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
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Partner  
Membership No. 027716

Chennai  
29<sup>th</sup> May 2020

# Consolidated Financial Statements of Sundaram-Clayton Limited

## 1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the Consolidated financial statements of Sundaram-Clayton Limited and its subsidiaries and associates.

### a) Brief description of the Company

Sundaram-Clayton Limited ('the Company') is a public limited company incorporated in India whose shares are publicly traded. The registered office is located at "Chaitanya", No.12, Khader Nawaz Khan Road, Chennai - 600006, Tamil Nadu, India. The Company together with its subsidiaries and associates (collectively referred to as the "Group") operate in a wide range of activities such as manufacturing of automotive vehicles, automotive components, spare parts & accessories thereof, housing development and financial services.

### b) Basis of preparation

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The financial statements have been prepared on historical cost basis under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value.

#### Principles of consolidation

##### Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together, items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests (if any) in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet, respectively.

##### Associates

Associates are all entities over which the Group has significant influence but not control or joint control. (This is generally the case where the Group holds between 20% and 50% of the voting rights). Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

### c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity. It also provides an overview of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

#### d) Significant estimates and judgments

The areas involving significant estimates or judgments are:

- i) Estimation of defined benefit obligation - (Refer Note 39)
- ii) Estimation of useful life of Property, Plant and Equipment (Refer Note 1(f) and 1(g))
- iii) Estimation of impairment of goodwill.

#### e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances and rebates and amounts collected on behalf of third parties.

##### i) **Sale of products:**

Revenue from sale of products is recognised when significant risk and rewards of ownership pass to the customers, as per the terms of the contract and it is probable that the economic benefits associated with the transaction will flow to the Group.

##### ii) **Revenue from Services:**

Revenue from Services is recognised in the accounting period in which the services are rendered and when invoices are raised.

##### iii) **Revenue from Real Estate:**

The revenue from sale of land is recognised on transferring all significant risk and rewards of ownership on land to the buyers and Group does not retain any effective control over the same.

##### iv) **Revenue from Financing:**

- Interest income for loans (other than Purchase of Originally Credit Impaired (POCI) is recognised using the Effective Interest Rate (EIR) method.
- For financial assets that are not "POCI" but have subsequently become credit-impaired (or 'stage-3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).
- Income in the nature of overdue interest, and bounce charges are recognized on realization, due to uncertainty of collection.

##### v) **Significant judgements:**

There are no significant judgements made by the Group in determining the timing of satisfaction of performance obligation. It is determined as per the terms of the contract. In case of multiple performance obligations, the Group uses the adjusted market assessment approach to allocate the transaction price between multiple performance obligations. If a discount is granted, the same is adjusted against the transaction price of the contract.

#### f) Property, Plant and Equipment

Freehold Land is stated at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition/construction less accumulated depreciation / amortization and impairment, if any. Cost includes:

- i) purchase price,
- ii) taxes and duties,
- iii) labour cost, and
- iv) directly attributable overheads incurred upto the date the asset is ready for its intended use.
- v) Government grants that are directly attributable to the assets acquired.

However, cost excludes GST, to the extent credit of the duty or tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Government grants relating to the purchase of property, plant and equipment are capitalized and included as cost to fixed assets.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit and Loss within Other gains / (losses).

#### g) Depreciation

- i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double / triple shifts) as evaluated by a Chartered Engineer, on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

- ii) The estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Group is furnished below:

Description	Years
Factory building and other buildings	5 to 64
Plant and Equipment	4 to 21
Electrical Equipment	15
Furniture and Fixtures	4 to 10
Computers	3 to 4
Mobile phones	1 to 2
Vehicles	5 to 6

- iii) Tools and dies used for two wheelers are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 5 years. Tools and dies used for three wheeler operations are depreciated at 11.31 per cent.
- iv) The residual value for all the above assets are retained at 5% of the cost except for Mobile phones for which Nil residual value is considered. Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.
- v) On tangible fixed assets added / disposed off during the year, depreciation is charged on pro-rata basis for the period for which the asset was purchased and used.
- vi) Depreciation in respect of tangible assets costing individually less than ₹ 5,000/- is provided at 100%.

#### h) Investment properties

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the Group is classified as investment property. Investment Property is measured initially at its cost and including related transaction cost where applicable, borrowing cost. Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item is measured reliably.

#### i) Intangible assets

##### **Goodwill**

Goodwill on acquisition of business is included in intangible assets. Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to the cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or group of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the cash generating units.

##### **Other intangible assets**

Intangible assets acquired are accounted at their acquisition cost and are amortised over its useful life, viz., 2 years in the case of software and 6-10 years in case of Design, Development and Technical knowhow.

#### j) Loans (receivable from financing activity)

The loans to borrowers are stated at the contract value after netting off un-matured Interest Income, Un-matured Upfront Incomes and advance EMIs and adding unamortized portion of upfront expenses wherever applicable, installments appropriated up to the year end and amount written off.

#### k) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### l) Foreign currency translation

##### (i) **Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). i.e in Indian rupees (INR) and all values are rounded off to nearest crores except where otherwise indicated.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

#### (ii) Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

- (a) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.
- (b) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.
- (c) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

#### (iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities are translated at the closing rate at the date of that balance sheet
- b) income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- c) all resulting exchange differences are recognised in other comprehensive income.

#### m) Hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges).
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 34. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, within other gains/(losses).

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects the Statement of Profit and Loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the Statement of Profit and Loss within other gains/(losses).

#### n) Inventories

Inventories are valued at the lower of cost and net realisable value.

- i. Cost of raw materials, components, stores, spares, work-in-process and finished goods are determined on a moving average basis.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

- ii. Cost of finished goods and work-in-process comprises of direct materials, direct labour and an applicable proportion of variable and fixed overhead expenditure. Fixed overhead expenditure absorbed on the basis of normal operating capacity.
  - iii. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
  - iv. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.
- Land held for development/sale by the real estate subsidiary is valued at the lower of cost and net realisable value. Cost includes cost of acquisition and all related costs.

#### o) Employee benefits

##### i) Short term obligations:

Short term obligations are those that are expected to be settled fully within 12 months after the end of the reporting period. They are recognized upto the end of the reporting period at the amounts expected to be paid at the time of settlement.

##### ii) Other long term employee benefit obligations:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore, recognised and provided for at the present value of the expected future payments to be made in respect of services provided by employee up to the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

##### iii) Post-employment obligation:

The Group operates the following post-employment schemes:

- a) Defined benefit plans such as gratuity for its eligible employees, pension plan for eligible senior managers; and
- b) Defined contribution plan such as provident fund.

##### a) Pension and gratuity obligation:

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net of deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit or Loss as past service cost.

##### b) Provident fund:

The eligible employees of the Group are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary. The provident fund contributions are made to an irrevocable trust set up by the Group. The Group is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

##### iv) Bonus plans:

The Group recognises a liability and an expense for bonus. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

#### p) Taxes on income

Tax expense comprises of (i) current tax and (ii) deferred tax.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Where the Group is entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (the Research and Development or other investment allowances), the Group accounts for such allowances as tax credits, which means that the allowance reduce income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

#### q) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

In case of waiver of duty under EPCG licence, such grant is considered as revenue grant and recognized in "Other Income" on completion of export obligation as approved by Regulatory Authorities.

#### r) MAT Credit

MAT credit can be carried forward upto a period of 15 years. MAT credit recognized in the books is in line with the latest assessment orders received by the Company.

#### s) Provisions and contingent liabilities

##### i) Provision:

A provision is recorded when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is accounted based on technical evaluation, when the products are sold.

Provisions are evaluated at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

##### ii) Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from



## Consolidated Financial Statements of Sundaram-Clayton Limited

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

#### t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The group has identified the following business segments as reportable segments, (on the basis of products and production process) viz., (1) Automotive vehicles and parts, (2) Automotive components, (3) Financial Services and (4) Others.

#### u) Leases

From 1<sup>st</sup> April 2019, leases are recognised as a right-to-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Right-to-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-to-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

#### v) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

#### w) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### x) Investments and Other financial assets

##### i) Classification

The Group classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through statement of profit and loss), and
- Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

##### ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus (in the case of a financial asset not a fair value through profit or loss) transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

##### A) Debt Instruments:

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments.

##### i) Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the Statement of Profit and Loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

##### ii) Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at Fair Value Through Profit or Loss (FVTPL). A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

##### B) Equity instruments:

The Group subsequently measures all investments in equity (except of the subsidiaries / associates) at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there will be no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately. Where the Group elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

#### iii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 34(A) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognised from initial recognition of the receivables.

For loans given by financial enterprise the impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 35 details how the Group determines whether there has been a significant increase in credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### iv) Derecognition of financial assets

A financial asset is derecognised only when:

- a) the Group has transferred the rights to receive cash flows from the financial asset or
- b) the Group retains the contractual rights to receive the cash flows of the financial asset, but expects a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised, if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

#### v) Income recognition

##### **Interest income:**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

##### **Dividend income:**

Dividends are recognised in statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of dividend can be reliably measured.

#### y) **Borrowings**

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss as other gain/(loss).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for over or at least 12 months after the reporting period.

#### z) **Current and Non-current classification**

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

## Consolidated Financial Statements of Sundaram-Clayton Limited

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### SIGNIFICANT ACCOUNTING POLICIES - (continued)

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. In Group's considered view, twelve months is its operating cycle for all entities within the Group other than real estate.

The normal operating cycle in respect of operation relating to real estate project depends on signing of agreement, size of the project, phasing of the project, type of development, project complexities, approvals needed and realisation of project into cash and cash equivalents and range from 3 to 7 years. Accordingly, assets and liabilities have been classified into current and non-current based on operating cycle.

#### za) Borrowing cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 2 PROPERTY, PLANT & EQUIPMENT

(Rupees in crores)

Description	Property, Plant & Equipment							
	Freehold land	Leasehold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total
	1	2	3	4	5	6	7	8
Cost of Assets								
As at 01-04-2018	295.47	11.42	739.46	2,939.44	69.78	113.74	33.91	4,203.22
Additions	3.89	–	178.67	639.99	27.68	51.17	10.76	912.16
Foreign currency translation reserve difference	3.96	–	1.08	2.56	0.01	0.24	0.08	7.93
Sub-total	303.32	11.42	919.21	3,581.99	97.47	165.15	44.75	5,123.31
Sales / deletion	–	–	(7.71)	(102.31)	(1.20)	(9.30)	(1.96)	(122.48)
<b>Total</b>	<b>303.32</b>	<b>11.42</b>	<b>911.50</b>	<b>3,479.68</b>	<b>96.27</b>	<b>155.85</b>	<b>42.79</b>	<b>5,000.83</b>
Depreciation / Amortisation								
Upto 31-03-2018	–	0.25	76.22	719.46	22.90	56.92	10.92	886.67
For the year	–	–	36.51	414.25	13.65	32.64	3.87	500.92
Amortisation	–	0.13	–	–	–	–	–	0.13
Foreign Currency translation reserve difference	–	–	0.54	5.40	–	0.13	0.03	6.10
Sub-total	–	0.38	113.27	1,139.11	36.55	89.69	14.82	1,393.82
Withdrawn on assets sold / deleted	–	–	(7.57)	(89.49)	(0.43)	(9.03)	(1.93)	(108.45)
<b>Total</b>	<b>–</b>	<b>0.38</b>	<b>105.70</b>	<b>1,049.62</b>	<b>36.12</b>	<b>80.66</b>	<b>12.89</b>	<b>1,285.37</b>
Net Carrying amount								
<b>As at 31-03-2019</b>	<b>303.32</b>	<b>11.04</b>	<b>805.80</b>	<b>2,430.06</b>	<b>60.15</b>	<b>75.19</b>	<b>29.90</b>	<b>3,715.46</b>

#### Goodwill

	<b>2018-19</b>	<b>2017-18</b>
(i) Goodwill arising on business combination	2.20	2.20
(ii) Goodwill arising on consolidation	110.41	110.41
<b>Total</b>	<b>112.61</b>	<b>112.61</b>

#### Capital Work-In-Progress (At Cost)

	<b>2018-19</b>	<b>2017-18</b>
(i) Building	8.56	151.12
(ii) Plant & equipment	602.33	193.31
(iii) Others	4.14	11.90
<b>Total</b>	<b>615.03</b>	<b>356.33</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements

#### 2 PROPERTY, PLANT & EQUIPMENT - (continued)

(Rupees in crores)

Description	Property, Plant & Equipment							
	Freehold land	Leasehold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total
	1	2	3	4	5	6	7	8
Cost of Assets								
As at 01-04-2019	303.32	11.42	911.50	3,479.68	96.27	155.85	42.79	5,000.83
Additions	12.64	–	64.32	446.92	11.06	28.93	34.81	598.68
Foreign currency translation reserve difference	(2.55)	–	(1.74)	(4.19)	0.17	(0.11)	0.12	(8.30)
Sub-total	313.41	11.42	974.08	3,922.41	107.50	184.67	77.72	5,591.21
Sales / deletion	(6.97)	–	(0.30)	(88.19)	(1.15)	(1.60)	(9.24)	(107.45)
<b>Total</b>	<b>306.44</b>	<b>11.42</b>	<b>973.78</b>	<b>3,834.22</b>	<b>106.35</b>	<b>183.07</b>	<b>68.48</b>	<b>5,483.76</b>
Depreciation / Amortisation								
Upto 31-03-2019	–	0.38	105.70	1,049.62	36.12	80.66	12.89	1,285.37
For the year	–	–	42.30	433.73	15.79	17.11	26.36	535.29
Amortisation		0.13						0.13
Foreign currency translation reserve difference	–	–	(1.11)	(2.74)	0.04	(0.03)	0.04	(3.80)
Sub-total	–	0.51	146.89	1,480.61	51.95	97.74	39.29	1,816.99
Withdrawn on assets sold / deleted	–	–	(0.18)	(63.75)	(0.80)	(1.57)	(8.59)	(74.89)
<b>Total</b>	<b>–</b>	<b>0.51</b>	<b>146.71</b>	<b>1,416.86</b>	<b>51.15</b>	<b>96.17</b>	<b>30.70</b>	<b>1,742.10</b>
Net Carrying amount								
<b>As at 31-03-2020</b>	<b>306.44</b>	<b>10.91</b>	<b>827.07</b>	<b>2,417.36</b>	<b>55.20</b>	<b>86.90</b>	<b>37.78</b>	<b>3,741.66</b>

#### Goodwill

(i) Goodwill arising on business combination

(ii) Goodwill arising on consolidation

#### Total

**2019-20**      **2018-19**

2.20      2.20

110.41      110.41

**112.61**      **112.61**

#### Capital Work-In-Progress (At Cost)

(i) Building

(ii) Plant & equipment

(iii) Others

#### Total

**2019-20**      **2018-19**

34.12      8.56

820.37      602.33

3.70      4.14

**858.19**      **615.03**

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 3 INTANGIBLE ASSETS

(Rupees in crores)

Description	Software	Design Development	Total
Cost of assets			
As at 01-04-2018	60.40	79.85	140.25
Incumbent Subsidiary	-	-	-
Additions	29.09	8.43	37.52
Foreign currency translation reserve difference	-	-	-
Sub-total	89.49	88.28	177.77
Sales / deletion	(0.95)	-	(0.95)
<b>Total</b>	<b>88.54</b>	<b>88.28</b>	<b>176.82</b>
Depreciation / Amortisation			
Upto 31-03-2018	46.39	34.26	80.65
Incumbent Subsidiary	-	-	-
For the year	16.57	16.28	32.85
Amortisation	-	-	-
Foreign currency translation reserve difference	-	-	-
Transfer to reserve	-	-	-
Sub-total	62.96	50.54	113.50
Withdrawn on assets sold / deleted	(0.95)	-	(0.95)
<b>Total</b>	<b>62.01</b>	<b>50.54</b>	<b>112.55</b>
Net Carrying amount			
<b>As at 31-03-2019</b>	<b>26.53</b>	<b>37.74</b>	<b>64.27</b>

Description	Software	Design Development	Total
Cost of assets			
As at 01-04-2019	88.54	88.28	176.82
Additions	11.67	168.51	180.18
Foreign currency translation reserve difference	-	-	-
Sub-total	100.21	256.79	357.00
Sales / deletion	(0.46)	-	(0.46)
<b>Total</b>	<b>99.75</b>	<b>256.79</b>	<b>356.54</b>
Depreciation / Amortisation			
Upto 31-03-2019	62.01	50.54	112.55
For the year	19.44	41.19	60.63
Amortisation	-	-	-
Sub-total	81.45	91.73	173.18
Withdrawn on assets sold / deleted	(0.46)	-	(0.46)
<b>Total</b>	<b>80.99</b>	<b>91.73</b>	<b>172.72</b>
Net Carrying amount			
<b>As at 31-03-2020</b>	<b>18.76</b>	<b>165.06</b>	<b>183.82</b>



## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

#### 4 RIGHT-TO-USE ASSETS

(Rupees in crores)

Description	Right-to-use assets				
	Land	Building	Plant & equipment	Others	Total
Gross block					
Opening on transition to IND AS 116	18.95	67.58	70.04	1.45	158.02
Additions	–	77.70	–	102.53	180.23
<b>Sub-total</b>	<b>18.95</b>	<b>145.28</b>	<b>70.04</b>	<b>103.98</b>	<b>338.25</b>
Amortisations for the year	0.33	45.72	5.17	1.45	52.67
Foreign exchange translation reserve adjustments	–	–	–	0.45	0.45
Deletions (Preclosures)	–	1.11	–	0.21	1.32
<b>Closing net balance during the year</b>	<b>18.62</b>	<b>98.45</b>	<b>64.87</b>	<b>101.87</b>	<b>283.81</b>

The Company has leased warehouses, sales offices across the country, plant and equipment. The lease period ranges from 5-10 years, lease terms included for workings is the non-cancellable period and expected lease term

Company also has vehicles on leases, the lease term here ranges for about 5-7 years.

#### 2019-20

Payment towards short term leases	52.89
Payment towards low value asset leases	–

#### 5 INVESTMENTS

Sl. No.	Particulars	No. of shares / units		Face Value	Currency	Rupees in crores	
		As at 31.03.2020	As at 31.03.2019			As at 31.03.2020	As at 31.03.2019
1	2	3	4	5	6	7	8
(a)	<b>Investment in Equity Instruments Fair valued through OCI:</b>						
	<b>Quoted:</b>						
(i)	Suprajit Engineering Limited, Bengaluru	28,92,000	28,92,000	1.00	INR	32.56	70.80
(ii)	Ucal Fuel Systems Limited, Chennai	91,760	91,760	10.00	INR	0.67	1.47
(iii)	Suprajit Engineering Limited, Bengaluru	57,72,000	57,72,000	1.00	INR	64.99	141.30
(iv)	Harita Seating Systems Limited, Chennai	7,280	7,280	10.00	INR	0.23	0.33
	<b>Unquoted:</b>						
(v)	Green Infra BTV Limited, New Delhi	32,50,000	32,50,000	10.00	INR	1.39	1.29
(vi)	Green Infra BTV Limited, New Delhi	45,00,000	45,00,000	10.00	INR	4.50	4.50
(vii)	TVS Lanka (Private) Limited, Colombo	50,00,000	50,00,000	10.00	LKR	9.62	10.52
(viii)	Green Infra Wind Power Projects Limited, New Delhi	1,11,600	1,11,600	10.00	INR	0.06	0.06
(ix)	Green Infra Wind Energy Theni Limited, New Delhi	34,34,477	34,34,477	10.00	INR	1.47	1.37
(x)	Green Infra Wind Power Generation Limited, New Delhi	2,16,000	2,16,000	10.00	INR	0.13	0.13
(xi)	Condivision Solutions Pvt. Limited, Bengaluru	6,760	6,760.00	10.00	INR	–	2.00
(xii)	Ultra Violette Automotive Private Limited	14,850	6,750.00	10.00	INR	11.00	11.00
(xiii)	Mulanur Renewable Energy Pvt. Limited, Chennai	15,000	15,000.00	10.00	INR	0.02	0.02
(xiv)	PHI Research Pvt. Limited,	3,50,000	3,50,000.00	10.00	INR	3.01	3.01
(xv)	Sai Regency Power Corporation Private Limited, Chennai	3,75,000	3,75,000	10.00	INR	0.38	0.38
(xvi)	Adyar Property Holding Company Limited, Chennai (Cost ₹ 6,825)	105	105	–	INR	–	–
(xvii)	Atria Wind Power Bijapur 1 Limited, Bengaluru	90,610	1,01,217	10.00	INR	1.72	1.93
(xviii)	Atria Wind Power (Chitradurga) P Ltd	80,948	–	100.00	INR	0.38	–

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 5 INVESTMENTS - (continued)

Sl. No.	Particulars	No. of shares / units		Face Value	Currency	Rupees in crores	
		As at 31.03.2020	As at 31.03.2019			As at 31.03.2020	As at 31.03.2019
1	2	3	4	5	6	7	8
(xix)	Altizon Systems Private Ltd, Pune	10	–	10.00	INR	0.01	–
(xx)	Altizon Inc, USA	5,30,543	–	0.00001	USD	17.76	–
(xxi)	Scienaptic Systems, USA	21,95,999	–	0.001	USD	49.83	–
(xxii)	Predictronics Corporation, USA	24,827	–	0.01	USD	22.35	–
	<b>Private equity instruments:</b>						
(xxiii)	TVS Shriram Growth fund Scheme 1A of TVS Capital Funds Limited, Chennai	–	4,480	1,000.00	INR	–	0.19
(xxiv)	TVS Shriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai (₹ 1,000)	1	24,306	1,000.00	INR	–	8.44
(xxv)	TVS Shriram Growth fund Scheme 3 of TVS Capital Funds Limited, Chennai	66,000	20,000		INR	6.60	2.00
	<b>Total value of Equity Instruments (a)</b>					<b>228.68</b>	<b>260.74</b>
<b>(b)</b>	<b>Investments in Preference Shares: (Unquoted)</b>						
(i)	Pinnacle Engines Inc., USA (face value 0.01 cent)	24,09,638	24,09,638	0.0001	USD	11.70	11.70
(ii)	Axiom Research Labs Private Limited, Delhi	82	82	10.00	INR	1.00	1.00
(iii)	TVS Lanka (Private) Limited, Colombo	37,00,00,000	37,00,00,000	1.00	LKR	15.92	14.75
(iv)	Ultraviolette Automotive Private Limited, Bengaluru	990	–	50,545.00	INR	5.00	–
(v)	Tagbox Solutions Private Limited, Bengaluru	3,83,983	–	16.00	INR	9.99	–
	<b>Total value of Preference shares (b)</b>					<b>43.61</b>	<b>27.45</b>
<b>(c)</b>	<b>Other non-current Investments:</b>						
	<u>Investments valued through OCI:</u>						
(i)	Autotech Fund L.L.P. USA					21.01	17.85
(ii)	Harita Accessories LLP, Chennai				INR	1.07	0.96
	<u>Pension Funds / Government Securities (Unquoted)</u>						
(iii)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai				INR	6.25	5.92
(iv)	Life Insurance Corporation Pension Policy, Mumbai				INR	19.73	18.00
(v)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai				INR	3.05	2.78
(vi)	Life Insurance Corporation Pension Policy, Chennai				INR	10.43	9.58
(vii)	5 Years National Savings Certificates VIII Issue (in the name of nominee) - Face Value - ₹ 10,000				INR	–	–
(viii)	Tulsyan NEC Limited, Chennai	1,63,125	1,21,875	10.00	INR	0.50	0.37
(ix)	Investment in Mutual Funds				INR	0.41	0.46
	<b>Debt Instruments</b>						
(x)	National Savings Certificates (₹ 37100/- deposited with Sales Tax authorities)					–	–
(xi)	Investment in 6% Non Cumulative Redeemable Preference shares					–	146.57
	<b>Total value of other investments (c)</b>					<b>62.45</b>	<b>202.49</b>
	<b>Total (a) + (b) + (c)</b>					<b>334.74</b>	<b>490.68</b>

Aggregate amount of quoted investments and market value thereof

98.45      216.12

Aggregate amount of unquoted investments

238.29      276.78

Aggregate amount of impairment in value of investments

(2.00)      (2.22)

**Total**

**334.74      490.68**

## Consolidated Financial Statements of *Sundaram-Clayton Limited*

### Notes to Financial Statements – (continued)

	(Rupees in crores)	
	As at 31.03.2020	As at 31.03.2019
<b>6 INVESTMENTS ACCOUNTED USING EQUITY METHOD</b>		
Cost of investment in Associates (Emerald Haven Realty Limited, Chennai, Sundram Non-conventional Energy Systems Limited, Chennai, TVS Training and Services Limited, Chennai, Tagbox Solutions Private Limited, Bengaluru and Tagbox Pte Ltd, Singapore)	130.71	114.10
Add: Share of Other Equity	4.91	12.98
<b>Total</b>	<b><u>135.62</u></b>	<b><u>127.08</u></b>
<b>7 OTHER NON-CURRENT ASSETS</b>		
Capital advances	90.83	92.80
<u>Advances other than capital advances:</u>		
Prepaid expenses	14.43	26.45
Indirect taxes receivable	12.46	20.10
Statutory and other deposits	58.53	30.34
<b>Total</b>	<b><u>176.25</u></b>	<b><u>169.69</u></b>
<b>8 INVENTORIES</b>		
Raw materials and components	662.14	742.73
Goods-in-transit - Raw materials and components	80.73	113.98
Work-in-process	73.25	110.72
Finished goods	407.51	417.92
Stock-in-trade	75.31	75.48
Stores and spares	160.53	162.04
<b>Total</b>	<b><u>1,459.47</u></b>	<b><u>1,622.87</u></b>
<b>9 TRADE RECEIVABLES</b>		
Secured, considered good	21.18	18.90
Unsecured, considered good	1,589.79	1,723.63
Doubtful	4.03	1.91
<b>Total</b>	<b><u>1,615.00</u></b>	<b><u>1,744.44</u></b>
Less: Allowance for doubtful receivables	24.58	19.19
<b>Total</b>	<b><u>1,590.42</u></b>	<b><u>1,725.25</u></b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

### 10 LOANS (RECEIVABLE FROM FINANCING ACTIVITY)

Particulars	As at 31-03-2020		As at 31-03-2019	
	Current	Non Current	Current	Non Current
<u>Secured:</u>				
Automobile Financing				
Considered good	4,210.61	3,739.99	3,947.99	3,091.52
Considered Doubtful	224.20	78.68	118.30	101.94
Less: Loss allowance				
Provision for expected credit loss (Refer Note No. 36)	(46.86)	(88.89)	(82.86)	(16.75)
<u>Unsecured:</u>				
Financing (Others)				
Considered good	879.50	348.21	500.55	431.33
Considered doubtful	32.25	29.63	25.75	22.19
Less: Loss allowance				
Provision for expected credit loss	(14.78)	(37.81)	(31.46)	(5.43)
<u>Unsecured and considered good:</u>				
Trade Advance and Term loan	104.36	–	124.09	–
Provision for expected credit loss (Refer Note No. 36)	(3.76)	–	(2.53)	–
	<b>5,385.52</b>	<b>4,069.81</b>	<b>4,599.83</b>	<b>3,624.80</b>

### 11 CASH AND CASH EQUIVALENTS

	As at 31.03.2020	As at 31.03.2019
Balances with banks in current accounts	878.29	131.82
Deposits with maturity of less than three months	250.28	–
Cash on hand	2.01	32.85
<b>Total</b>	<b>1,130.58</b>	<b>164.67</b>

### 12 OTHER BANK BALANCES

	As at 31.03.2020	As at 31.03.2019
Earmarked balances with banks (for unpaid dividend)	6.54	6.47
Balance with banks (with more than 3 months and less than 12 months maturity)	23.01	38.53
<b>Total</b>	<b>29.55</b>	<b>45.00</b>

## Consolidated Financial Statements of *Sundaram-Clayton Limited*

### Notes to Financial Statements – (continued)

	(Rupees in crores)	
	As at 31.03.2020	As at 31.03.2019
<b>13 FINANCIAL ASSETS - OTHERS</b>		
<b><u>Non-Current</u></b>		
Deposits	18.48	21.28
Loans given to employees	1.82	0.76
Loans to others	13.02	5.88
Derivatives (Forwards, POS, IRS, Call spread)	19.10	5.41
Bank deposits	0.13	0.15
	<b>52.55</b>	<b>33.48</b>
<b><u>Current</u></b>		
<u>Unsecured, Considered Good :</u>		
Employee Advances	21.45	17.00
Security Deposits	7.32	4.92
Claims receivable	3.32	7.10
Derivative financial instruments - receivable	29.76	17.78
Receivable towards sale of fixed assets	62.98	62.98
Drawback receivable	3.92	3.31
	<b>128.75</b>	<b>113.09</b>
<b>Total</b>	<b>181.30</b>	<b>146.57</b>
<b>14 OTHER CURRENT ASSETS</b>		
VAT / IT / Excise / GST receivable	360.34	416.70
Prepaid expense	39.95	39.43
Vendor advance	103.83	40.37
Trade Deposits	2.66	28.75
Export Incentive receivable	76.44	72.19
Others	6.44	5.84
<b>Total</b>	<b>589.66</b>	<b>603.28</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

#### 15 SHARE CAPITAL

**(a) Details of authorised, issued and subscribed share capital**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Number	Rupees in crores	Number	Rupees in crores
Authorised Capital Equity Shares of ₹ 5/- each	5,00,00,000	25.00	5,00,00,000	25.00
Issued, Subscribed & Paid up Capital Equity Shares of ₹ 5/- each fully paid	2,02,32,085	10.12	2,02,32,085	10.12
	<b>2,02,32,085</b>	<b>10.12</b>	<b>2,02,32,085</b>	<b>10.12</b>

**(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year**

Particulars	As at 31-03-2020		As at 31-03-2019	
	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	2,02,32,085	10.12	2,02,32,085	10.12
Shares Issued during the year	–	–	–	–
Shares outstanding at the end of the year	<b>2,02,32,085</b>	<b>10.12</b>	<b>2,02,32,085</b>	<b>10.12</b>

**(c) Rights and preferences attached to equity share:**

- i) Every shareholder is entitled to such rights as to attend the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the Company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.
- ii) There are no restrictions attached to equity shares.

**(d) Details of shares held by holding / ultimate holding / subsidiaries / associates of holding company at the end of the year**

Name of shareholder	Relationship	Class of share	As at 31-03-2020		As at 31-03-2019	
			Number of shares held	% of holding	Number of shares held	% of holding
T V Sundram Iyengar & Sons Private Limited - Madurai	Holding company	Equity	38,07,330	18.82	38,07,330	18.82
Sundaram Industries Private Limited - Madurai	Fellow Subsidiary	Equity	60,62,522	29.96	60,62,522	29.96
Southern Roadways Private Limited - Madurai	Fellow Subsidiary	Equity	30,31,127	14.98	30,31,127	14.98

**(e) Details of shareholders holding more than five percent at the end of 31<sup>st</sup> March 2020 (other than 15 (d) above**

Name of shareholder	Class of share	As at 31-03-2020		As at 31-03-2019	
		Number of shares held	% of holding	Number of shares held	% of holding
Sundaram Finance Holdings Limited - Chennai	Equity	22,73,081	11.24	22,73,081	11.24

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 16 OTHER EQUITY

Particulars	As at 31-03-2020	As at 31-03-2019
General Reserve	658.10	658.10
Capital Reserve	99.11	99.11
Securities Premium Reserve	36.42	36.42
Statutory Reserve	42.60	25.32
Retained Earnings	1,559.00	1,467.33
Other Reserves	58.11	177.39
	<b>2,453.34</b>	<b>2,463.67</b>
Non-controlling interest	1,516.21	1,425.66

#### 17 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

Nature	Lenders	As at 31-03-2020	As at 31-03-2019	Status as at 31-03-2020			
				Interest Rate	Frequency	No. of Instalments Due	Maturity
Secured Borrowings:							
FCNRB Term Loan - I	Bank	75.66	69.16	3 Month USD LIBOR plus Margin	Bullet	1	Mar-21
FCNRB Term Loan - II	Bank	75.67	82.99	Overnight LIBOR plus margin	Half Yearly	5	Sep-22
FCNRB Term Loan - III	Bank	75.67	69.16	3 Month USD LIBOR plus Margin	End of tenure	1	Jul-21
ECB Loan 1	Bank	63.94	68.76	3 Month USD LIBOR plus Margin	Half Yearly	7	Mar-23
ECB Loan 2	Bank	50.18	68.76	6 Month USD LIBOR plus Margin	Half Yearly	4	Mar-22
ECB Loan 3	Bank	112.74	102.77	3 Month USD LIBOR plus Margin	Quarterly	12	Feb-24
ECB Loan 4	Bank	225.98	206.09	3 Month USD LIBOR plus Margin	Quarterly	4	Feb-23
ECB Loan 5	Bank	150.78	–	8.25%	Bullet	1	Aug-22
ECB Loan 6	Bank	150.78	–	8.25%	Bullet	1	Sep-22
ECB Loan 7	Bank	188.48	–	8.60%	Bullet	1	May-22
ECB Loan 8	Bank	188.48	–	8.60%	Bullet	1	Jun-22
Rupee Term loan I	Bank	91.59	99.90	MCLR plus margin	Quarterly	11	Dec-23
Rupee Term loan II	Bank	75.00	100.00	MCLR plus margin	Quarterly	12	Jun-23
Term Loan	Bank	–	80.60	3 Month USD LIBOR plus Margin	Half Yearly	3	Jul-19
Term Loan	Bank	199.56	–	MCLR plus Margin	Quarterly	9	Jun-24
Term Loan	Bank	99.98	–	8.05%	Quarterly	10	Mar-23
Term Loan	Bank	75.00	–	8.0%	Quarterly	10	Oct-22
Term Loan	Bank	199.95	–	8.10%	Quarterly	10	Feb-23
Term Loan	Bank	33.34	–	8.40%	Half Yearly	4	Jan-22
Term Loan	Bank	241.62	–	7.25%	Monthly	29	Aug-22
Term Loan	Bank	166.67	–	7.50%	Monthly	30	Sep-22
Term Loan	Bank	500.00	–	7.00%	Monthly	36	Mar-23



## Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

### 17 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS - (continued)

Nature	Lenders	As at 31-03-2020	As at 31-03-2019	Status as at 31-03-2020			
				Interest Rate	Frequency	No. of Instalments Due	Maturity
Term Loan	Bank	249.95	–	8.35%	Quarterly	12	Feb-23
Term Loan	Bank	100.00	–	8.30%	Half Yearly	4	Dec-22
Term Loan	Bank	200.00	–	8.25%	Bullet	1	Oct-20
Term Loan	Bank	199.93	–	8.40%	Bullet	2	Nov-22
Term Loan	Bank	299.95	–	8.40%	Quarterly	10	Aug-22
Term Loan	Bank	44.27	–	6.43%	Quarterly	9	Jun-22
Term Loan	Bank	249.78	–	8.0%	Quarterly	10	Mar-23
Term Loan	Bank	–	199.97	8.3%	Bullet	1	Oct-19
Term Loan	Bank	–	39.67	8.20%	Quarterly	3	Dec-19
Term Loan	Bank	–	10.08	8.8%	Quarterly	4	Mar-20
Term Loan	Bank	–	30.31	8.4%	Quarterly	2	Sep-19
Term Loan	Bank	–	8.38	8.4%	Quarterly	1	Jun-19
Term Loan	Bank	–	10.00	8.5%	Quarterly	2	Jul-19
Term Loan	Bank	–	12.50	8.9%	Half Yearly	1	Aug-19
Term Loan	Bank	–	8.33	8.5%	Quarterly	2	Sep-19
Term Loan	Bank	–	28.66	8.5%	Monthly	9	Jan-20
Term Loan	Bank	–	24.99	8.4%	Quarterly	3	Dec-19
Term Loan	Bank	–	75.58	8.4%	Quarterly	3	Dec-19
Term Loan	Bank	–	39.99	8.5%	Quarterly	4	Mar-20
Term Loan	Bank	–	16.67	8.4%	Quarterly	4	Mar-20
Term Loan	Bank	–	12.50	8.3%	Quarterly	1	Jun-19
Term Loan	Bank	–	37.50	8.4%	Quarterly	3	Dec-19
Term Loan	Bank	20.00	60.00	8.4%	Quarterly	6	Aug-20
Term Loan	Bank	59.96	140.94	8.2%	Quarterly	7	Nov-20
Term Loan	Bank	49.99	99.98	8.3%	Annual	2	Sep-20
Term Loan	Bank	63.33	126.67	8.4%	Quarterly	8	Mar-21
Term Loan	Bank	–	214.48	8.0%	Bullet	1	Nov-19
Term Loan	Bank	24.99	58.32	8.1%	Quarterly	7	Nov-20
Term Loan	Bank	30.00	70.00	8.1%	Quarterly	7	Dec-20
Term Loan	Bank	112.50	150.00	8.4%	Half Yearly	4	Sep-21
Term Loan	Bank	125.00	8.32	8.8%	Monthly	30	Sep-21
Term Loan	Bank	50.00	83.33	8.4%	Quarterly	10	Jun-21
Term Loan	Bank	100.00	100.00	9.1%	Quarterly	1	May-21
Term Loan	Bank	74.99	136.00	8.8%	Quarterly	9	Mar-21
Term Loan	Bank	–	9.69	9.5%	Quarterly	8	Apr-21
Term Loan	Bank	–	140.00	9.8%	Quarterly	8	May-21
Term Loan	Bank	139.78	1.34	9.8%	Quarterly	10	Dec-21
Term Loan	Bank	66.66	150.00	9.4%	Half Yearly	6	Dec-21
Term Loan	Bank	290.05	456.09	9.5%	Quarterly	11	Dec-21
Term Loan	Bank	79.93	99.89	9.1%	Quarterly	10	Feb-22
Term Loan	Bank	477.59	601.06	9.4%	Quarterly	10	Feb-22
Term Loan	Bank	402.81	499.89	8.8%	Quarterly	10	Feb-22
Term Loan	Bank	301.45	–	3.5%	Yearly	5	Dec-24
Term Loan	Others	12.57	62.85				
Term Loan	State owned corporation I	6.43	–	0.1%	Bullet	1	Apr-31

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 17 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS - (continued)

Nature	Lenders	As at 31-03-2020	As at 31-03-2019	Status as at 31-03-2020			
				Interest Rate	Frequency	No. of Instalments Due	Maturity
Term Loan	State owned corporation II	2.43	–	0.1%	Yearly	1	Apr-29
Term Loan (5 tranches)	State owned corporation III	160.89	157.08	0.1%	Yearly	5	21-31
Debentures	8% Secured Non Convertible Debenture	45.12	–	8.0%	Bullet	1	Sep-21
Unsecured Borrowings:							
Sub Debt	Bank	–	12.50	10.1%	Annual	2	Jun-20
Sub Debt	Others	24.94	24.92	9.7%	Bullet	1	Sep-22
Sub Debt	Bank	49.97	50.39	9.5%	Bullet	1	May-23
Sub Debt	Bank	50.00	50.00	9.3%	Bullet	1	Jul-23
Sub Debt	Bank	25.00	25.00	9.7%	Bullet	1	Sep-22
Sub Debt	Bank	49.96	49.94	10.0%	Bullet	1	Apr-22
Sub Debt	Others	14.50	29.00	8.0%	Annual	2	Jan-20
Sub Debt	Others	49.96	49.94	11.5%	Bullet	1	Sep-20
Sub Debt	Others	50.00	50.00	11.0%	Bullet	1	Jul-21
Sub Debt	Others	49.92	49.88	10.8%	Bullet	1	Sep-21
Sub Debt	Bank	50.00	50.00	10.5%	Bullet	1	May-22
Sub Debt	Bank	98.71	98.41	10.9%	Bullet	1	Aug-24
Perpetual Debt	Others	99.81	99.76	11.5%	Bullet	1	Nov-27
Soft loan	Others	–	0.67	0.0%	Annual	1	
Buyers credit	Bank	–	4.27	6 Month USD LIBOR plus Margin	Bullet	–	Jul-19
ECB Loan 9	Bank	151.33	138.31	3 Month USD LIBOR plus Margin	Half Yearly	6	Sep-23
Sales Tax Deferral Phase I	Others	12.66	18.99	0.0%	Annual	3	2020-21
Sales Tax Deferral Phase II	Others	125.82	141.55	0.0%	Annual	10	2027-28
		<b>7,984.00</b>	<b>6,472.78</b>				

**Less: Current Maturities of Long Term Borrowings (Refer Note 22)**

**2,515.02      1,179.96**

**Total Non Current Financial Liabilities (Borrowings)**

**5,468.98      5,292.82**

Details of securities created:

- 1) ECB Loan 1 - Hypothecation of Movable fixed assets.
- 2) ECB Loan 4 - Exclusive charge over assets procured out of proceeds of the loan.
- 3) ECB Loan 5 to 8 - availed by a subsidiary is secured against hypothecation of receivables under the financing activity of the Company.
- 4) FCNRB Loan - Exclusive charge over assets procured out of proceeds of the loan.
- 5) Term Loan of ₹ 199.56 crores from Bank - Exclusive charge on specific plant and equipment.
- 6) Term Loan of ₹ 301.41 crores in USD from bank obtained by a subsidiary - secured by land and building.
- 7) Term loan received from bank of ₹ 75 crores - charge created on land and building and paripasu charge on plant and machinery.
- 8) Term Loan received from Banks and Other Parties of ₹ 5,578.66 crores inclusive of Current and Non Current Dues by a subsidiary (Previous Year: ₹ 4,436.11 crores) is secured against hypothecation of receivables under the financing activity of the Company.
- 9) Loan from State owned corporation - I & II viz., SIPCOT - First charge on the specific plant and equipment.
- 10) Loan from State owned corporation - III viz., SIPCOT - First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of land.
- 11) Debentures issued by the subsidiary are secured against the immovable property.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 18 PROVISIONS

Particulars	As at 31-03-2020		As at 31-03-2019	
	Current	Non-current	Current	Non-current
<b>Provision for Employee Benefits</b>				
(a) Pension	48.82	94.20	29.02	78.61
(b) Leave salary	11.17	50.27	8.16	32.19
(c) Gratuity	9.11	1.88	0.94	–
<b>Others</b>				
(a) Warranty	42.10	–	34.79	–
(b) Sales tax	–	–	–	1.95
(c) Disputed tax provided for	11.20	–	13.21	–
<b>Total</b>	<b>122.40</b>	<b>146.35</b>	<b>86.12</b>	<b>112.75</b>

Movement in provision :

Particulars	Warranty	Sales tax	Disputed tax provided for
Opening balance as on 01-04-2019	34.79	1.95	13.21
Additional provisions made during the year	7.31	–	–
Amounts utilised	–	–	(2.01)
Closing balance as on 31-03-2020	42.10	–	11.20

As at 31.03.2020      As at 31.03.2019

#### 19 DEFERRED TAX LIABILITIES / (ASSETS)

The balance comprises temporary differences attributable to:

Depreciation	323.99	401.15
Others	3.89	–
<b>Total deferred tax liability</b>	<b>327.88</b>	<b>401.15</b>
Deferred tax asset consists of :		
- tax on employee benefit expenses	47.89	52.97
- tax on warranty provision	11.29	12.64
- tax on expected credit losses provision	49.49	35.47
- tax on investment property	–	18.24
- tax on finance cost provision	14.47	50.02
- tax on financial assets and liabilities	9.20	5.35
- tax on others	59.95	23.18
- Unused tax credits (MAT credit entitlement)	35.20	85.66
- Carried forward loss	40.95	40.31
Total deferred tax assets	268.44	323.84
<b>Net deferred tax liability</b>	<b>59.44</b>	<b>77.31</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 19 DEFERRED TAX LIABILITIES / (ASSETS) - (continued)

Movement in deferred tax:	<b>Depreciation</b>	<b>Others</b>	<b>Total</b>
As at 01-04-2019	<u>401.15</u>	<u>(323.84)</u>	<u>77.31</u>
Charged/(credited):			
- to profit or loss	(77.16)	1.32	(75.83)
- to other comprehensive income	–	(44.05)	(44.05)
- to retained earnings towards IND AS 116 initial adoption	–	51.46	51.46
- to share of associate adjustment as per Ind AS 115 (Tax on retrospective application with cumulative effect)	–	–	–
- utilisation tax credits (MAT credit utilisation)	–	50.91	50.91
- Unused tax credits (MAT credit entitlement)	–	–	–
- to disputed tax provided for	–	–	–
- Carried forward loss	–	(0.36)	(0.36)
<b>As at 31-03-2020</b>	<b><u>323.99</u></b>	<b><u>(264.55)</u></b>	<b><u>59.44</u></b>
		As at	As at
		31.03.2020	31.03.2019

#### 20 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

Borrowings repayable on demand from banks		
Secured*	660.14	2,319.72
Unsecured	496.19	438.11
Short term loans:		
From banks:		
Secured	–	–
Unsecured	946.00	791.15
From others (secured)	1,934.36	–
<b>Total Borrowings under Current Liabilities</b>	<b><u>4,036.69</u></b>	<b><u>3,548.98</u></b>

\* Details of securities created for loans repayable on demand:

First charge by way of hypothecation and / or pledge of current assets viz., inventories of raw materials, semi finished and finished goods, stores and spares not relating to plant and machinery, bills receivable, book debts and all other movable assets located in all plants.

Short term borrowings from banks of a subsidiary include :

- a) A loan of ₹ 92.79 crores in USD obtained from a bank, secured by a letter of credit issued by a bank in India and
- b) A loan of ₹ 7.36 crores in IDR and ₹ 131.64 crores in USD obtained from another bank secured by subsidiary inventories and trade account receivable.
- c) Working capital loan and cash credit of ₹ 1,934.36 crores obtained by a subsidiary company are secured by hypothecation of receivables under the financing activity of the Company
- d) Cash credit of ₹ 38.35 crores obtained by a subsidiary company are secured by hypothecation of receivables and inventories of the Company, both present and future

#### 21 TRADE PAYABLES

##### Current

Dues to Micro and Small Enterprises **	121.52	82.75
Dues to enterprises other than Micro and Small Enterprises	3,212.22	3,260.63
<b>Total trade payables</b>	<b><u>3,333.74</u></b>	<b><u>3,343.38</u></b>

\*\* Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

	As at 31.03.2020	As at 31.03.2019
<b>22 OTHER FINANCIAL LIABILITIES</b>		
<b>Non-Current</b>		
Derivative Instruments - Payable	<u>19.38</u>	<u>8.31</u>
<b>Current</b>		
Current Maturities of long term borrowings	2515.02	1,179.96
Interest accrued but not due on loans	51.63	21.33
Trade deposits received	67.34	75.27
Unclaimed Dividends (Not due for transfer to Investor Education and Protection Fund)	6.54	6.47
Payables against capital goods	23.59	56.33
Employee related liabilities		26.44
Liabilities for expenses	11.93	11.55
Derivative Instruments - Payable	48.37	14.47
Collection in respect of derecognised assets	–	3.56
<b>Total other current financial liabilities</b>	<u>2,724.42</u>	<u>1,395.38</u>
<b>23 OTHER CURRENT LIABILITIES</b>		
Statutory dues	145.09	191.71
Employee related	117.49	132.10
Advance received from customers	156.42	67.71
Deferred income - Government grants	2.12	9.36
Money held under trust	6.47	4.45
<b>Total other current liabilities</b>	<u>427.59</u>	<u>405.33</u>
<b>24 REVENUE FROM OPERATIONS</b>	Year ended 31.03.2020	Year ended 31.03.2019
Sale of products	17,439.48	19,572.73
Sale of services	30.18	25.81
Interest income of financial enterprise	1,821.51	1,457.46
Other operating revenue	567.57	491.89
<b>Total revenue</b>	<u>19,858.74</u>	<u>21,547.89</u>
<b>25 OTHER INCOME</b>		
Dividend income	2.54	2.16
Interest income	28.37	6.86
Profit on sale of Investments	0.03	1.01
Profit on sale of property, plant and equipment	2.55	0.16
Increase in Fair value of Investments	1.10	0.50
Provision for debtors no longer required	11.57	9.17
Other non-operating income	10.01	7.89
<b>Total other income</b>	<u>56.17</u>	<u>27.75</u>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

	Year ended 31.03.2020	Year ended 31.03.2019
<b>26 COST OF MATERIALS CONSUMED</b>		
Opening stock of raw materials and components	742.73	575.81
Add: Purchases	12,284.11	14,476.15
	13,026.84	15,051.96
Less: Closing stock of raw materials and components	662.14	742.73
<b>Consumption of raw materials and components</b>	<b>12,364.70</b>	<b>14,309.23</b>
<b>Purchases of stock-in-trade</b>	<b>259.20</b>	<b>244.84</b>
<b>Changes in inventories of finished goods, work-in-process and stock-in-trade:</b>		
Opening stock:		
Work-in-process	110.72	116.12
Stock-in-trade	75.48	59.83
Finished goods	417.92	342.98
<b>Total (A)</b>	<b>604.12</b>	<b>518.93</b>
Closing stock:		
Work-in-process	73.25	110.72
Stock-in-trade	75.31	75.48
Finished goods	412.92	417.92
<b>Total (B)</b>	<b>561.48</b>	<b>604.12</b>
<b>Changes in inventories (A)-(B)</b>	<b>42.64</b>	<b>(85.19)</b>
<b>27 EMPLOYEE BENEFIT EXPENSE</b>		
Salaries, wages and bonus	1,522.83	1,472.52
Contribution to provident and other funds	94.65	85.72
Welfare expenses	143.54	155.17
<b>Total employee benefit expense</b>	<b>1,761.02</b>	<b>1,713.41</b>
<b>28 FINANCE COSTS</b>		
Interest	823.71	690.94
Other borrowing cost	45.46	21.36
Interest on lease liabilities	16.94	–
Exchange differences	23.83	6.26
<b>Total finance costs</b>	<b>909.94</b>	<b>718.56</b>
<b>29 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation on Property, Plant and Equipment	535.42	501.05
Depreciation on Right-to-use asset	52.60	–
Amortisation on Intangible assets & Others	60.63	32.85
<b>Total depreciation and amortisation expense</b>	<b>648.65</b>	<b>533.90</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

	Year ended 31.03.2020	Year ended 31.03.2019
<b>30 OTHER EXPENSES *</b>		
Consumption of stores, spares and tools	129.76	163.26
Power and fuel	204.73	262.04
Repairs - buildings	34.33	38.66
Repairs - plant and equipment	127.56	114.04
Insurance	24.03	22.40
Rates and taxes (excluding taxes on income)	9.67	11.42
Audit fees ( Refer note 37 (iii) )	3.45	2.23
Packing and freight charges	455.14	486.30
Advertisement and publicity	424.31	399.06
Other marketing expenses	373.16	378.86
Loss on sale of property, plant and equipment	3.69	3.85
Loss on sale of investments	0.21	–
Foreign exchange loss	10.78	23.29
Loss allowance for expected credit losses relating to loans	273.73	183.71
Corporate social responsibility expenditure	20.98	14.12
Contributions to electoral trust	6.00	9.00
Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or ₹ 10 lakh, whichever is higher)	918.80	914.53
<b>Total other expenses</b>	<b><u>3,020.33</u></b>	<b><u>3,026.77</u></b>
* Net of recoveries and claims made		
<b>30A EXCEPTIONAL ITEMS</b>		
Voluntary separation costs and COVID-19 related expenses	60.73	–
<b>31 CURRENT TAX</b>		
Current tax on profits for the year	284.81	370.63
Adjustments for current tax of prior periods	8.90	0.59
<b>Total current tax</b>	<b><u>293.71</u></b>	<b><u>371.22</u></b>
<b>32 DEFERRED TAX</b>		
Decrease / (increase) in deferred tax assets	(21.18)	(36.50)
(Decrease) / increase in deferred tax liabilities	(53.84)	33.27
Unused tax (credit) (MAT credit entitlement)	(0.04)	(0.02)
Unused tax (credit) / reversal (MAT credit entitlement) of prior periods	–	–
<b>Total deferred tax expense / (benefit)</b>	<b><u>(75.06)</u></b>	<b><u>(3.25)</u></b>



## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

	Year ended 31.03.2020	Year ended 31.03.2019
<b>32 DEFERRED TAX - (continued)</b>		
<b>Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>		
Profit before income tax expense	908.43	1,114.12
<b>Tax at the Indian tax rate of 34.94% (2018-19 – 34.61%)</b>	<b>317.40</b>	<b>389.27</b>
Additional deduction towards Research & Development expenses	(48.97)	(40.39)
Capital Receipts	(1.97)	(8.30)
Restatement of Deferred Tax Liability	(74.00)	-
Others	(0.15)	2.71
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other items	-	-
Tax differences due to subsidiary adjustments	17.44	24.09
Tax Relating to Earlier Years	8.90	0.59
<b>Income tax expense</b>	<b>218.65</b>	<b>367.97</b>
<b>33 EARNINGS PER SHARE</b>		
(a) Basic and diluted earnings per share		
Basic and diluted earnings per share attributable to the equity holders of the Company	166.63	213.59
(b) Earnings used in calculating earnings per share		
Basic and diluted earnings per share		
Profit attributable to equity holders of the company used in calculating basic earnings per share	337.12	432.14
(c) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	2,02,32,085	2,02,32,085

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

#### 34 FAIR VALUE MEASUREMENTS

Financial instruments by category	March 31, 2020			March 31, 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Investments						
- Equity instruments	–	228.68	–	–	260.74	–
- Preference shares	–	–	43.61	–	–	27.45
- Debt instruments	–	–	–	–	–	146.57
- Others	2.16	22.08	39.96	0.46	18.81	36.65
Trade receivables	–	–	1,590.42	–	–	1,725.25
Loans (Receivable from financing activity)	–	–	9,455.33	–	–	8,224.63
Other Bank balances	–	–	1,160.13	–	–	209.82
Derivative financial assets	48.80	0.06	–	5.41	17.78	–
Security Deposits	–	–	18.48	–	–	21.28
Other Financial assets	–	–	113.96	–	–	101.95
<b>Total financial assets</b>	<b>50.96</b>	<b>250.82</b>	<b>12,421.89</b>	<b>5.87</b>	<b>297.33</b>	<b>10,493.60</b>
<b>Financial liabilities</b>						
Borrowings	–	–	12,020.69	–	–	10,021.76
Trade Payables	–	–	3,333.74	–	–	3,343.38
Derivative Financial Liability	–	67.75	–	8.31	14.47	–
Other Financial Liability	–	–	454.47	–	–	200.95
<b>Total financial liabilities</b>	<b>–</b>	<b>67.75</b>	<b>15,808.90</b>	<b>8.31</b>	<b>14.47</b>	<b>13,566.09</b>

#### (i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

## Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

### 34 FAIR VALUE MEASUREMENTS - (continued)

#### Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2020	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial Investments at FVTPL	5	2.16	–	–	2.16
Financial Investments at FVOCI	5	98.45	28.68	123.63	250.76
Derivatives designated as hedges	13	–	48.86	–	48.86
<b>Total financial assets</b>		<b>100.61</b>	<b>77.54</b>	<b>123.63</b>	<b>301.78</b>
<b>Financial liabilities</b>					
Derivatives	22	–	67.75	–	67.75
<b>Total financial liabilities</b>		<b>–</b>	<b>67.75</b>	<b>–</b>	<b>67.75</b>

#### Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2020	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Investments					
Preference shares	5	–	–	43.61	43.61
Others	5	–	–	39.96	39.96
Debt instruments	5	–	–	–	–
<b>Total financial assets</b>		<b>–</b>	<b>–</b>	<b>83.57</b>	<b>83.57</b>
<b>Financial Liabilities</b>					
Borrowings	17, 18, 22	–	–	12,020.69	12,020.69
<b>Total financial liabilities</b>		<b>–</b>	<b>–</b>	<b>12,020.69</b>	<b>12,020.69</b>

#### Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2019	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial Investments at FVTPL	5	0.46	–	–	5.87
Financial Investments at FVOCI	5	213.90	29.44	36.21	279.55
Derivatives designated as hedges	13	–	23.19	–	23.19
<b>Total financial assets</b>		<b>214.36</b>	<b>52.63</b>	<b>36.21</b>	<b>303.20</b>
<b>Financial Liabilities</b>					
Derivatives	22	–	22.78	–	22.78
<b>Total financial liabilities</b>		<b>–</b>	<b>22.78</b>	<b>–</b>	<b>22.78</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

### 34 FAIR VALUE MEASUREMENTS - (continued)

#### Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2019	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Investments					
Preference shares	5	–	–	27.45	27.45
Others	5	–	–	36.65	36.65
Debt Instruments	5	–	–	146.57	146.57
<b>Total financial assets</b>		–	–	<b>210.67</b>	<b>210.67</b>
<b>Financial Liabilities</b>					
Borrowings	17, 18, 22	–	–	10,021.76	10,021.76
<b>Total financial liabilities</b>		–	–	<b>10,021.76</b>	<b>10,021.76</b>

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and other non current investments included in level 3.

There are no transfers between levels 1 and 2 during the year.

#### (ii) Valuation technique used to determine fair value (Level 2)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principle only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

#### (iii) Fair value measurement using significant unobservable inputs (Level 3)

Particulars	Unlisted Preference Shares	Unlisted Equity Shares	Total
<b>As at 01-04-2018</b>	–	28.08	28.08
Additions	–	7.91	7.91
Gains / (losses) recognised in profit or loss	–	–	–
Gains / (losses) recognised in other comprehensive income	–	0.22	0.22
<b>As at 31-03-2019</b>	–	36.21	36.21
Additions / (deletions)	–	90.33	90.33
Gains / (losses) recognised in profit or loss	–	–	–
Gains / (losses) recognised in other comprehensive income	–	(2.91)	(2.91)
<b>As at 31-03-2020</b>	–	<b>123.63</b>	<b>123.63</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

### 34 FAIR VALUE MEASUREMENTS - (continued)

#### (iv) Valuation inputs & relationships to fair value

Particulars	Fair value as at		Significant unobservable input	Probability weighted range for the year ended		Sensitivity
	31-Mar-20	31-Mar-19		31-Mar-20	31-Mar-19	
Unquoted Equity shares	123.63	36.21	a) Earnings growth rate b) Risk adjusted discount rate	1-3% 8%	1-3% 8%	Not significant

#### (v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pretax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor of preference shares are based on cash flow projections of future earnings of the Company and unlisted equity securities are estimated based on market information for similar types of companies.

Risk adjustments have been derived based on the market risk premium adjusted for companies relevered financial data.

#### (vi) Fair value of financial assets and liabilities measured at amortised cost

Particulars	31-Mar-20		31-Mar-19	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Investments				
Preference shares	43.61	43.61	27.45	27.45
Debt Instruments	–	–	146.57	146.57
Others	39.96	39.96	36.65	36.65
<b>Total financial assets</b>	<b>83.57</b>	<b>83.57</b>	<b>210.67</b>	<b>210.67</b>
<b>Financial Liabilities</b>				
Borrowings	12,020.69	12,020.69	10,021.76	10,021.76
<b>Total financial liabilities</b>	<b>12,020.69</b>	<b>12,020.69</b>	<b>10,021.76</b>	<b>10,021.76</b>

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for Preference shares and other debt instruments were calculated based on cash flows discounted using a current lending rate, which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate, which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 35 FINANCIAL RISK MANAGEMENT

The group's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Risk Parameters and Mitigation
Market Risk - Foreign exchange		<ul style="list-style-type: none"> <li>i) The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions.</li> <li>ii) Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (INR).</li> <li>iii) The risk is measured through a forecast of highly probable foreign currency cash flows. The Group has a forex management policy which is duly approved by the Board.</li> <li>iv) The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.</li> </ul>
Market Risk - Interest rate	Foreign currency denominated borrowings	<ul style="list-style-type: none"> <li>i) The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk.</li> <li>ii) Group's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary.</li> <li>iii) The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.</li> </ul>
Liquidity Risk	INR denominated borrowings [Other than soft loans given by Govt. Authorities)	<ul style="list-style-type: none"> <li>i) The Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.</li> <li>ii) The Group prepares a detailed annual operating plans to assess the fund requirements - both short term and long term.</li> <li>iii) Detailed month-wise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance.</li> <li>iv) Group has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board.</li> <li>v) For long term fund requirements, Group targets various options such as rupee term loan, external commercial borrowing, debentures etc.</li> <li>vi) The Group obtains a credit rating for the various borrowing facilities on annual basis. Group constantly monitors the free cash flow from operations to ensure that the borrowing is minimized.</li> </ul>
Credit Risk		<ul style="list-style-type: none"> <li>i) Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost.</li> <li>ii) The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.</li> <li>iii) To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.</li> <li>iv) It considers available reasonable and supportive forwarding-looking information (more specifically described below). In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.</li> <li>v) A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.</li> </ul>
	a. Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
	b. Domestic Trade Receivables	<ul style="list-style-type: none"> <li>i) Domestic sales to the Dealers are based on advance payments received through banking channels or through inventory funding facilities availed by them from the banks.</li> <li>ii) The Group extends limited credit to the dealers and such extension of credit is based on dealers' credit worthiness, ability to repay and past track record.</li> <li>iii) The Group has extensive reporting systems and review to constantly monitor the outstandings.</li> </ul>
	c. Export Trade Receivables	The Group's export business is mostly based on Letters of credit. Export receivables are also covered through Insurance with Export Credit Guarantee Corporation of India Limited.

## Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

### 35 FINANCIAL RISK MANAGEMENT – (continued)

Risk	Exposure arising from	Risk Parameters and Mitigation
Export trade receivables and Import Payables		i) The Group has a forex management policy duly approved by the Board. The Group's policy is to hedge most of its net currency exposure. ii) Group reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements under are strictly adhered.
Foreign currency denominated borrowings		The Group has hedged its borrowings by covering the principal repayments.

#### (A) Credit risk

Basis of recognition of expected credit loss provision					
Rating	Category	Description of category	Investments	Loans and deposits	Trade receivables
1	High Quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	12 month expected credit losses		Life time expected credit losses (simplified approach)
2	Quality assets, low credit risk	Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past			
3	Standard Assets, moderate credit risk	Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong			
4	Substandard Assets, relatively high credit risk	Assets where there has been a significant increase in credit risk since initial recognition.	Life time expected credit losses		
5	Low quality assets, very high credit risk	Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due			
6	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the group. Where loans or receivables have been written off, the group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit and loss.	Asset is written off		

31-Mar-20

#### a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset/ Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	83.57	0%	–	83.57
	1	Other financial assets	132.44	0%	–	132.44



## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 35 FINANCIAL RISK MANAGEMENT – (continued)

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	1,610.97	4.03	1,615.00
Expected loss rate	–	100%	–
Expected credit losses	20.55	4.03	24.58
Carrying amount of trade receivables	1,590.42	–	1,590.42

31-Mar-19

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset/ Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	210.30	0%	–	210.30
	1	Other financial assets	119.92	0%	–	119.92

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	1,742.53	1.91	1,744.44
Expected loss rate	–	100%	–
Expected credit losses	17.28	1.91	19.19
Carrying amount of trade receivables	1,725.25	–	1,725.25

#### Reconciliation of loss allowance provision - Trade receivables

Loss allowance April 1, 2018	<b>10.86</b>
Changes in loss allowance	8.33
Loss allowance March 31, 2019	19.19
Changes in loss allowance	5.39
Loss allowance March 31, 2020	<b>24.58</b>

#### (B) Liquidity risk

(i) Financing arrangements

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

	31-Mar-20	31-Mar-19
<b>Floating rate</b>		
- Expiring within one year (bank overdraft and other facilities)	1,648.12	2,114.89
- Expiring beyond one year (bank loans)	–	–

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity ranging 30 to 180 days.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 35 FINANCIAL RISK MANAGEMENT – (continued)

(ii) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- a) all non-derivative financial liabilities, and
- b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

31-Mar-20

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	2,541.21	684.28	3,370.73	5,302.22	122.25	12,020.69
Trade payables	3,178.67	120.47	34.60	–	–	3,333.74
Lease Liabilities	17.13	16.56	28.72	228.78	2.25	293.44
Other financial liabilities	126.13	17.78	17.12	–	–	161.03
Derivatives	46.24	–	2.13	19.38	–	67.75

31-Mar-19

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	1,931.19	572.76	2,799.13	3,744.81	973.67	10,021.56
Trade payables	3,343.38	–	–	–	–	3,343.38
Other financial liabilities	194.92	–	6.03	–	–	200.95
Derivatives	14.47	–	–	8.31	–	22.78

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

#### (C) Market risk

i) Foreign exchange risk

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

Particulars	31-Mar-20		31-Mar-19	
	USD	EUR	USD	EUR
Financial assets				
Trade receivables	615.74	57.39	479.11	64.79
Derivatives- Forward contracts	1,219.63	56.63	448.66	99.29
Financial liabilities				
Foreign currency loan	1,466.01	–	811.71	–
Trade payables	145.06	1.90	270.92	17.23
Derivatives- Forward contracts and principal swap	1,167.03	0.99	491.20	–

## Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

### 35 FINANCIAL RISK MANAGEMENT – (continued)

#### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

Particulars	Impact on profit after tax*		Impact on other components of equity*	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
<b>USD sensitivity</b>				
INR/USD Increases by 10%	6.84	(15.63)	(88.31)	30.11
INR/USD Decreases by 10%	(6.84)	15.63	88.31	(30.11)
<b>EURO sensitivity</b>				
INR/EURO Increases by 10%	4.46	3.99	(4.23)	6.65
INR/EURO Decreases by 10%	(4.46)	(3.99)	4.23	(6.65)

\* Holding all other variables constant

#### ii) Interest Rate risk

For short term borrowings the marginal cost of lending rate of the bank is followed. Whenever, group resorts to short term borrowing through Commercial Paper the rate of interest is fixed in advance. In respect of foreign currency borrowings for longer period the interest rates are covered through interest rate swaps (IRS).

	31-Mar-20	31-Mar-19
Variable rate borrowings	8,156.77	7,186.68
Fixed rate borrowings	3,863.92	2,835.06

Sensitivity	Impact on profit after tax	
	31-Mar-20	31-Mar-19
Increase in interest rates by 100 bps	(61.66)	(49.70)
Decrease in interest rates by 100 bps	61.66	49.70

#### iii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet either as fair value through OCI or at fair value through statement of profit and loss. To manage its price risk from investments in equity securities, the Group diversifies its portfolio. The impact of the changes in price risk is not material.

#### (D) Impact of hedging activities

i) Disclosure of effects of hedge accounting on financial position

a) Disclosure of effects of hedge accounting on financial position as at 31-03-2020

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
(i) Foreign exchange forward contracts, PCFC	1380.31	1.46	1,354.13	5.74	Apr'20 to Mar'21	30.46	(30.46)
(ii) Principal only swaps & Interest rate swaps	–	1,290.39	–	1,207.12	Apr'20 to Feb'24	83.27	(83.27)

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 35 FINANCIAL RISK MANAGEMENT – (continued)

b) Disclosure of effects of hedge accounting on financial position as at 31-03-2019

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
(i) Foreign exchange forward contracts, PCFC	638.66	29.94	579.90	0.58	Apr'19 to Jul'19	11.76	(11.76)
(ii) Principal only swaps & Interest rate swaps	–	731.51	5.58	421.87	Apr'19 to Feb'24	11.22	(11.22)

ii) Disclosure of effects of hedge accounting on financial performance :

a) for the year ended 31-03-2020

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC & Interest Rate Swap	(51.05)	–	(7.51)	Revenue

b) for the year ended 31-03-2019

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC & Interest Rate Swap	(5.75)	–	(2.34)	Revenue

#### 36 FINANCIAL RISK MANAGEMENT RELATING TO LOANS RECEIVABLE FROM FINANCING ACTIVITY

##### Credit Risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The exposure is continuously monitored.

Receivable from Finance Activity:

The following table sets out information about credit quality of retail loan assets measured at amortised cost based on number of days past due information. The amount represents gross carrying amount.

Particulars	31-Mar-20	31-Mar-19
Gross carrying value of loan assets:		
Stage - 1 (less than 30 days)	8,406.94	7,773.51
Stage - 2 (30-90 days)	869.84	321.98
Stage - 3 (more than 90 days)	370.66	268.17
Total gross carrying value on reporting date	9,647.44	8,363.66

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 36 FINANCIAL RISK MANAGEMENT RELATING TO LOANS RECEIVABLE FROM FINANCING ACTIVITY - (continued)

##### Credit Quality

Financial services business has a comprehensive framework for monitoring credit quality of its retail and other loans based on days past due monitoring. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery is taken through follow ups and legal recourse.

##### Inputs considered in the ECL model

In assessing the impairment of loans assets under Expected Credit Loss (ECL) Model, the loan assets have been segmented into three stages.

The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages relate to the recognition of expected credit losses and the calculation and presentation of interest revenue.

The Company categorises loan assets into stages based on the days past due status:

- Stage 1 : 30 days past due
- Stage 2 : 31-90 days past due
- Stage 3 : more than 90 days past due

##### Assumptions considered in the ECL model

The financial services business has made the following assumptions in the ECL Model:

- Loss given default (LGD) is common for all three stages and is based on loss in past portfolio. Actual cash flows are discounted with average rate for arriving loss rate. Effective Interest Rate (EIR) has been taken as discount rate for all loans.

##### Estimation Technique

The financial services business has applied the following estimation technique in its ECL model :

- Probability of default (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD is 100%.
- Probability of default for Stage 1 loan assets is calculated as average of historical trend from Stage 1 to Stage 3 in next 12 months.
- Probability of default for Stage 2 loan assets is calculated based on the lifetime PD as average of historical trend from Stage 2 to Stage 3 for the remaining tenor.
- Loss given default is calculated based on discounted actual cash flow on past portfolio in default along with reversals.

There is no change in estimation techniques or significant assumptions during the reporting period.

##### Assessment of significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the financial services business considers both quantitative and qualitative information and analyses based on the business historical experience, including forward-looking information. The financial services business considers reasonable and supportable information that is relevant and available without undue cost and effort.

The financial services business uses the number of days past due to classify a financial instrument in low credit risk category and to determine significant increase in credit risk in retail. As a backstop, the financial services business considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27<sup>th</sup> March, 2020 and 17<sup>th</sup> April, 2020 relating to 'COVID-19 – Regulatory Package', the Company has offered moratorium upto three months on the payment of instalments falling due between 1<sup>st</sup> March, 2020 and 31<sup>st</sup> May, 2020 to all eligible borrowers. In respect of accounts overdue but standard under Stage 2 classification at 29<sup>th</sup> February 2020 where moratorium benefit has been granted, the staging of those accounts at 31<sup>st</sup> March 2020 is based on the days past due status as on 29<sup>th</sup> February 2020. Based on an assessment by the Company, this relaxation has not been deemed to be automatically triggering significant increase in credit risk. The Company continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 3 classification criteria.

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. While the methodologies and assumptions applied in the impairment loss allowance calculations remained

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

### 36 FINANCIAL RISK MANAGEMENT RELATING TO LOANS RECEIVABLE FROM FINANCING ACTIVITY - (continued)

unchanged from those applied while preparing the financial results for the period ended December 2019, the Company has separately incorporated estimates, assumptions and judgements specific to the impact of the CoVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. The Company's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

#### Definition of default

The definition of default used for internal credit risk management purposes is based on RBI Guidelines. Under Ind AS, financial asset to be in default when it is more than 90 days past due. The financial services business considers a financial asset under default as 'credit impaired'

#### Impairment loss

The expected credit loss allowance provision is determined as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross balance as at 31 <sup>st</sup> March 2020	8,406.93	869.84	370.66	9,647.44
Expected Credit Loss	39.22	9.50	143.38	192.10
Expected Credit Loss Rate	0.47%	1.09%	38.68%	1.99%
Net of impairment provision	8,367.71	860.34	227.28	9,455.34

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross Balance as at 31 <sup>st</sup> March 2019	7,773.50	321.98	268.18	8,363.66
Expected Credit Loss	30.99	3.42	104.61	139.02
Expected Credit Loss Rate	0.40%	1.06%	39.01%	1.66%
Net of impairment provision	7,742.51	318.56	163.57	8,224.63

#### Reconciliation of Expected Credit Loss

Particulars	Stage 1	Stage 2	Stage 3	Grand Total
Balance as at 1 <sup>st</sup> April 2018	19.75	2.08	82.94	104.77
Transfer to Stage 1	(2.14)	1.06	1.08	–
Transfer to Stage 2	0.20	(1.18)	0.98	–
Transfer to Stage 3	1.34	0.63	(1.97)	–
Loans that have derecognised during the period	(4.32)	(0.60)	(25.43)	(30.35)
New Loans originated during the year	22.43	1.47	13.24	37.15
Net Remeasurement of Loss Allowance	(6.28)	(0.02)	33.75	27.45
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>30.99</b>	<b>3.44</b>	<b>104.60</b>	<b>139.02</b>
Transfer to Stage 1	(4.92)	3.27	1.65	–
Transfer to Stage 2	0.28	(1.90)	1.61	–
Transfer to Stage 3	0.71	1.33	(2.04)	–
Loan that have derecognised during the period	(6.59)	(0.73)	(25.17)	(32.49)
New Loans originated during the year	25.12	3.90	12.98	42.00
Net Remeasurement of Loss Allowance	(6.37)	0.19	49.75	43.57
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>39.22</b>	<b>9.50</b>	<b>143.37</b>	<b>192.10</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 36 FINANCIAL RISK MANAGEMENT RELATING TO LOANS RECEIVABLE FROM FINANCING ACTIVITY - (continued)

##### Concentration of Credit Risk

The business manages concentration of risk primarily by geographical region. The following details show the geographical concentrations of the loans at the year end:

Concentration by geographical region in India

Carrying value	31-Mar-20	31-Mar-19
South	3,822.70	3,356.79
West	2,091.72	1,998.96
East	1,602.03	1,227.55
North	2,130.99	1,780.36
Total Loans as at reporting period	9,647.44	8,363.66

#### 37 CAPITAL MANAGEMENT

##### (a) Risk management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet).

The group's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

Particulars	31-Mar-20	31-Mar-19
Net debt	10,890.11	9,857.09
Total equity	3,979.67	3,899.45
<b>Net debt to equity ratio</b>	<b>273.64%</b>	<b>252.78%</b>

The Group also monitors interest coverage ratio :

Group's Earnings Before Interest and Taxes (EBIT) divided by interest .

The Group's strategy is to maintain a optimum interest coverage ratio The interest coverage ratio were as follows:

Particulars	31-Mar-20	31-Mar-19
EBIT	1,755.15	1,836.30
Interest	909.94	718.56
Interest coverage ratio	1.93	2.56

##### (b) Dividends

Particulars	31-Mar-20	31-Mar-19
<i>(i) Equity shares</i>		
First Interim dividend for the year ended 31 March 2019 of ₹ 20.00 per fully paid share during 2018-19	–	40.46
Second Interim dividend for the year ended 31 March 2019 of ₹ 16.00 per fully paid share during 2018-19	–	32.37
Dividend paid for the year ended 31 March 2020 of ₹ 31 per fully paid share during 2019-20	62.72	–
<i>(ii) Dividends not recognised at the end of the reporting period</i>	–	–



## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 38 OTHER DISCLOSURES

##### (i) Contingent liabilities

Details	31-Mar-20	31-Mar-19
(i) Claims against the company not acknowledged as debt		
- Income tax	47.00	45.68
- Service tax	2.83	2.96
- Value added tax / Sales tax	2.22	3.29
- Excise	52.99	57.57
- Customs	1.36	1.61
- GST	2.82	–
- Others	–	2.62
(ii) Guarantees excluding Financial Guarantees	0.05	0.07
(iii) Other money for which the company is contingently liable	128.04	295.80
<b>Total</b>	<b>237.31</b>	<b>409.60</b>

##### (ii) Capital commitments

Details	31-Mar-20	31-Mar-19
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	249.27	294.34
(ii) Investments	23.19	18.00

##### (iii) Audit fees

Details	31-Mar-20	31-Mar-19
As statutory auditors	2.24	1.77
Taxation matters	0.42	0.27
Certification matters	0.34	0.19
Others	0.45	–
<b>Total</b>	<b>3.45</b>	<b>2.23</b>

##### (iv) Expenditure incurred on Corporate Social Responsibility activities:

Details	31-Mar-20	31-Mar-19
(a) Gross amount required to be spent by the Company during the year	20.16	16.39
(b) Amount spent during the year in cash:		
(i) Construction / acquisition of any asset	–	–
(ii) On purposes other than (i) above	45.98	16.72
<b>Total</b>	<b>45.98</b>	<b>16.72</b>

\* Included in other expenses - ₹ 20.98 Cr and included in exceptional items - ₹ 25.00 Cr

##### (v) Leases - Transition related

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. The comparative information in the financial statements would not be restated and would be presented based on the requirements of the previous standard i.e. Ind AS 17.

In adopting Ind AS 116, the Company has applied the below practical expedients:

- The Company has not reassessed whether a contract is, or contains, a lease as per the definitions of Ind AS 116 at the date of initial application.
- The Company applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Company relied on its assessment of whether leases are onerous applying Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, immediately before the date of initial application as an alternative to performing an impairment review as per Ind AS 36 Impairment of assets.
- The Company has treated the leases with remaining lease term of less than 12 months as "short term leases".
- The Company has excluded the initial direct costs from measurement of the right-to-use asset at the date of transition.
- The Company used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

Effective 1<sup>st</sup> April 2019, the Company has applied Ind AS 116 "Leases", using the modified retrospective approach.

As a result, the Company has recognised Right-to-Use - assets amounting to ₹ 131.1 crores and lease liability of ₹ 145.42 crores, with net impact of ₹ (9.32) crores (net of tax) recognised in retained earnings as at 01.04.2019.

## Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

### 39 AMOUNT RECOGNISED IN THE BALANCE SHEET AND THE MOVEMENTS IN THE NET DEFINED BENEFIT OBLIGATION / OTHER EMPLOYEE BENEFITS

Particulars	Defined benefit obligation						Other employee benefits		
	Gratuity			Pension			Leave salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
<b>April 1, 2018</b>	<b>129.99</b>	<b>115.18</b>	<b>14.81</b>	<b>100.63</b>	–	<b>100.63</b>	<b>36.40</b>	–	<b>36.40</b>
Current service cost	16.53	–	16.53	1.38	–	1.38	–	–	–
Interest expense/(income)	7.99	9.78	(1.79)	6.76	–	6.76	2.63	–	2.63
Experience (gains)/losses	–	–	–	–	–	–	–	–	–
<b>Total amount recognised in statement of profit and loss</b>	<b>24.52</b>	<b>9.78</b>	<b>14.74</b>	<b>8.14</b>	–	<b>8.14</b>	<b>2.63</b>	–	<b>2.63</b>
<i>Remeasurements</i>									
Return on plan assets, excluding amounts included in interest expense/(income)	–	(4.92)	4.92	–	–	–	–	–	–
(Gain) / loss from change in demographic assumptions	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	(5.24)	–	(5.24)	(1.78)	–	(1.78)	(1.07)	–	(1.07)
Experience (gains)/losses	(11.23)	–	(11.23)	(0.31)	–	(0.31)	9.48	–	9.48
<b>Total amount recognised in other comprehensive income</b>	<b>(16.47)</b>	<b>(4.92)</b>	<b>(11.55)</b>	<b>(2.09)</b>	–	<b>(2.09)</b>	<b>8.41</b>	–	<b>8.41</b>
Employer contribution	–	17.06	(17.06)	–	–	–	–	–	–
Benefit payments	(10.45)	(10.45)	–	(11.46)	–	(11.46)	(7.11)	–	(7.11)
<b>March 31, 2019</b>	<b>127.59</b>	<b>126.65</b>	<b>0.94</b>	<b>95.22</b>	–	<b>95.22</b>	<b>40.33</b>	–	<b>40.33</b>

Particulars	Defined benefit obligation						Other employee benefits		
	Gratuity			Pension			Leave salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
<b>April 1, 2019</b>	<b>127.59</b>	<b>126.65</b>	<b>0.94</b>	<b>95.22</b>	–	<b>95.22</b>	<b>40.33</b>	–	<b>40.33</b>
Current service cost	21.74	–	21.74	–	–	–	–	–	–
Interest expense/(income)	9.22	9.56	(0.33)	7.14	–	7.14	3.15	–	3.15
Experience (gains)/losses	–	–	–	–	–	–	–	–	–
<b>Total amount recognised in statement of profit and loss</b>	<b>30.96</b>	<b>9.56</b>	<b>21.41</b>	<b>7.14</b>	–	<b>7.14</b>	<b>3.15</b>	–	<b>3.15</b>
<i>Remeasurements</i>									
Return on plan assets, excluding amounts included in interest expense/(income)	–	1.48	(1.48)	–	–	–	–	–	–
(Gain) / loss from change in demographic assumptions	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	13.26	–	13.26	18.29	–	18.29	3.24	–	3.24
Experience (gains)/losses	(0.26)	–	(0.26)	10.43	–	10.43	23.90	–	23.90
<b>Total amount recognised in other comprehensive income</b>	<b>13.00</b>	<b>1.48</b>	<b>11.52</b>	<b>28.72</b>	–	<b>28.72</b>	<b>27.14</b>	–	<b>27.14</b>
Employer contribution	–	22.88	(22.88)	–	–	–	–	–	–
Benefit payments	(13.91)	(13.91)	–	(0.79)	–	(0.79)	(9.18)	–	(9.18)
<b>March 31, 2020</b>	<b>157.64</b>	<b>146.65</b>	<b>10.99</b>	<b>130.29</b>	–	<b>130.29</b>	<b>61.44</b>	–	<b>61.44</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

### 39 AMOUNT RECOGNISED IN THE BALANCE SHEET AND THE MOVEMENTS IN THE NET DEFINED BENEFIT OBLIGATION / OTHER EMPLOYEE BENEFITS - (continued)

#### (i) Post-Employment benefits

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Details	Gratuity		Pension		Leave salary	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Discount rate	6.66%	7.70%	5.51%	6.87%	6.64%	7.63%
Salary growth rate	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Mortality rate	IALM (2006-08) Ultimate					

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at 58 years.

#### (ii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Gratuity Details	Change in assumption		Impact on defined benefit obligation			
	March 31, 2020	March 31, 2019	Increase in assumption		Decrease in assumption	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Discount rate	0.50%	0.50%	143.17	127.66	171.59	138.54
Salary growth rate	0.50%	0.50%	171.64	138.63	157.08	127.54
Mortality rate	5.00%	5.00%	164.11	132.91	164.24	132.85

Pension Details	Change in assumption		Impact on defined benefit obligation			
	March 31, 2020	March 31, 2019	Increase in assumption		Decrease in assumption	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Discount rate	1.00%	1.00%	115.72	84.28	147.83	107.95
Salary growth rate	1.00%	1.00%	148.51	108.56	114.98	83.68
Mortality rate	5.00%	5.00%	128.98	94.24	131.46	95.84

Leave salary Details	Change in assumption		Impact on defined benefit obligation			
	March 31, 2020	March 31, 2019	Increase in assumption		Decrease in assumption	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Discount rate	0.50%	0.50%	59.44	38.21	63.57	40.52
Salary growth rate	0.50%	0.50%	63.58	40.54	59.41	38.19
Mortality rate	5.00%	5.00%	61.43	39.33	61.43	39.32

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability recognised in the balance sheet.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 39 AMOUNT RECOGNISED IN THE BALANCE SHEET AND THE MOVEMENTS IN THE NET DEFINED BENEFIT OBLIGATION / OTHER EMPLOYEE BENEFITS - (continued)

##### (iii) Risk exposure

Through its defined benefit plans, The Group is exposed to a number of risks, the most significant of which are detailed below:

**Asset volatility:** The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The group has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The group intends to maintain the above investment mix in the continuing years.

**Changes in bond yield:** A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yields increase in the value of the plans' bond holdings.

**Inflation risks:** In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

**Life expectancy:** The pension plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

##### (iv) Defined contribution plans:

The Company's contribution to defined contribution plan i.e., provident fund of ₹ 43.24 crores (previous year ₹ 34.48 crores) has been recognised in the Statement of Profit and Loss.

On 28<sup>th</sup> February 2019 Supreme Court (SC) gave a judgement on components / allowances paid to employees that need to be taken into account while computing an employer's contribution of provident fund under the EPF Act. There are numerous interpretative issues relating to the components needs to be considered for the above calculation. The company is in the process of evaluating the method of computation of its PF contribution and would record any further effect in its financial statements, on receiving further clarification on the subject.

#### 40 RELATED PARTY DISCLOSURES

##### LIST OF RELATED PARTIES

a) Reporting entity	Sundaram-Clayton Limited, Chennai (SCL)
b) Holding Company	T V Sundram Iyengar & Sons Private Limited, Madurai
c) Subsidiary companies	(i) TVS Motor Company Limited, Chennai (TVSM)
	(ii) Sundaram Auto Components Limited, Chennai - Subsidiary of TVSM
	(iii) TVS Housing Limited, Chennai - Subsidiary of TVSM
	(iv) TVS Motor Services Limited, Chennai - Subsidiary of TVSM
	(v) TVS Credit Services Limited, Chennai (TVSCS) - Subsidiary of TVSM
	(vi) Harita Collection Services Private Limited, Chennai - Subsidiary of TVSCS
	(vii) Harita ARC Private Limited, Chennai - Subsidiary of TVSCS
	(viii) TVS Micro Finance Private Limited, Chennai - Subsidiary of TVSCS
	(ix) TVS Commodity Financial Solutions Private Limited, Chennai - Subsidiary of TVSCS
	(x) TVS Two Wheeler Mall Private Limited, Chennai - Subsidiary of TVSCS
	(xi) TVS Housing Finance Private Limited, Chennai - Subsidiary of TVSCS

## Consolidated Financial Statements of *Sundaram-Clayton Limited*

### Notes to Financial Statements – (continued)

#### 40 RELATED PARTY DISCLOSURES - (continued)

- |                                       |   |
|---------------------------------------|---|
| c) Subsidiary companies - (continued) | (xii) Sundaram Holding USA, Inc., Delaware USA -<br>Subsidiary of Sundaram Auto Components Limited        |
|                                       | (xiii) Green Hills Land Holding LLC, South Carolina, USA -<br>Subsidiary of Sundaram Holding USA, Inc.    |
|                                       | (xiv) Components Equipment Leasing LLC, South Carolina, USA -<br>Subsidiary of Sundaram Holding USA, Inc. |
|                                       | (xv) Sundaram-Clayton (USA) LLC, South Carolina, USA -<br>Subsidiary of Sundaram Holding USA, Inc.        |
|                                       | (xvi) Premier Land Holding LLC, South Carolina, USA -<br>Subsidiary of Sundaram Holding USA, INC.         |
|                                       | (xvii) Sundaram-Clayton (USA) Limited, Illinois, USA  |
|                                       | (xviii) TVS Motor (Singapore) Pte. Limited, Singapore - Subsidiary of TVSM                                |
|                                       | (xix) PT TVS Motor Company Indonesia, Jakarta - Subsidiary of TVSM  |
|                                       | (xx) TVS Motor Company (Europe) B.V. Amsterdam - Subsidiary of TVSM                                       |

Other related parties and their relationship where transaction exists

- |                        |  |
|------------------------|--|
| d) Fellow Subsidiaries | (i) TVS Electronics Limited, Chennai                                   |
|                        | (ii) TVS Investments Private Limited, Chennai                          |
|                        | (iii) Southern Roadways Private Limited, Madurai                       |
|                        | (iv) Sundaram Industries Private Limited, Madurai                      |
|                        | (v) Lucas TVS Limited, Chennai   |
|                        | (vi) Lucas Indian Services Limited, Chennai                            |
|                        | (vii) TVS Auto Assist (India) Limited, Chennai                         |
|                        | (viii) Autosense Private Limited, Chennai                              |
| e) Group member        | (i) Sundram Fasteners Limited, Chennai                                 |
|                        | (ii) Delphi-TVS Technologies Limited, Chennai                          |
|                        | (iii) India Nippon Electricals Limited, Chennai                        |
|                        | (iv) TVS Supply Chain Solutions Limited, Chennai                       |
|                        | (v) Sundaram Brake Linings Limited, Chennai                            |
|                        | (vi) TVS Autoserv GmbH, Germany  |
|                        | (vii) TVS Dynamic Global Freight Services Limited, Chennai             |
|                        | (viii) Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd, Chennai |
|                        | (ix) Emerald Haven Town and Country Private Limited, Chennai           |
|                        | (x) Brakes India Private Limited, Chennai                              |
|                        | (xi) TVS Srichakra Limited, Madurai                                    |
|                        | (xii) Wheels India Limited, Chennai                                    |
|                        | (xiii) TVS Auto Bangladesh Limited, Dhaka                              |
|                        | (xiv) TVS Lanka Private Limited, Colombo                               |
|                        | (xv) TVS Upasana Limited, Chennai                                      |

## Consolidated Financial Statements of *Sundaram-Clayton Limited*

### Notes to Financial Statements – (continued)

#### 40 RELATED PARTY DISCLOSURES - (continued)

- |   |   |
|---|---|
| e) Group member - (continued)                           | <ul style="list-style-type: none"> <li>(xvi) TVS Commutation Solutions Limited, Chennai</li> <li>(xvii) Designo Lifestyle Solutions Private Limited, Bengaluru</li> <li>(xviii) Dua Associates, Delhi</li> <li>(xix) Dua Consulting Private Limited, Delhi</li> <li>(xx) Harita Techserv Private Limited, Chennai</li> </ul>  |
| f) Associate companies                                  | <ul style="list-style-type: none"> <li>(i) Sundram Non-Conventional Energy Systems Limited, Chennai</li> <li>(ii) Emerald Haven Realty Limited , Chennai</li> <li>(iii) TVS Training and Services Limited, Chennai</li> <li>(iv) Tagbox Solutions Private Limited, Bengaluru</li> <li>(v) Tagbox Pte Limited, Singapore</li> </ul>  |
| g) Key management personnel (KMP)                       | <p>Executive Directors:</p> <ul style="list-style-type: none"> <li>(i) Mr. Venu Srinivasan, Chairman and Managing Director</li> <li>(ii) Dr. Lakshmi Venu, Joint Managing Director</li> </ul> <p>Non-Executive Directors:</p> <p>Independent Directors:</p> <ul style="list-style-type: none"> <li>(i) Vice Admiral P.J. Jacob (Retd.)</li> <li>(ii) Mr. V. Subramanian</li> <li>(iii) Mr. S. Santhanakrishnan</li> <li>(iv) Mr. R. Gopalan</li> <li>(v) Mr. R. Vijayaraghavan</li> <li>(vi) Mr. Kamlesh Gandhi</li> <li>(vii) Mrs. Sasikala Varadachari</li> </ul> <p>Non-Independent Directors:</p> <ul style="list-style-type: none"> <li>(i) Mr.Sudarshan Venu</li> <li>(ii) Mr. T.K. Balaji</li> <li>(iii) Mr. Gopal Srinivasan</li> </ul> |
| h) Relative of KMP                                      | <ul style="list-style-type: none"> <li>(i) Mrs. Mallika Srinivasan</li> </ul>   |
| i) Enterprise over which KMP have significant influence | <ul style="list-style-type: none"> <li>(i) Harita-NTI Limited, Chennai</li> <li>(ii) Emerald Haven Estates Limited, Chennai</li> <li>(iii) Sundram Services Limited, Chennai</li> </ul>   |

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

#### 40 RELATED PARTY DISCLOSURES - (continued)

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Fellow Subsidiaries	Associates	Group member	KMP- Significant Influence	KMP	Relative of KMP	Total
1	Purchase of goods	Harita-NTI Limited, Chennai	-	-	-	-	3.94	-	-	3.94
		TVS Electronics Limited, Chennai	-	0.26	-	-	-	-	-	0.26
		Sundaram Industries Private Limited, Madurai	-	0.03	-	-	-	-	-	0.03
		Lucas TVS Limited, Chennai	-	174.20	-	-	-	-	-	174.20
		Lucas Indian Services Limited, Chennai	-	7.54	-	-	-	-	-	7.54
		Brakes India Private Limited, Chennai	-	-	-	32.47	-	-	-	32.47
		TVS Srichakra Limited, Madurai	-	-	-	473.35	-	-	-	473.35
		Wheels India Limited, Chennai	-	-	-	14.77	-	-	-	14.77
		Sundaram Fasteners Limited, Chennai	-	-	-	59.28	-	-	-	59.28
		India Nippon Electricals Limited, Chennai	-	-	-	296.15	-	-	-	296.15
		Sundaram Brake Linings Limited, Chennai	-	-	-	10.78	-	-	-	10.78
		TVS Upasana Limited, Chennai	-	-	-	16.41	-	-	-	16.41
		T V Sundram Iyengar & Sons Private Limited, Madurai	0.74	-	-	-	-	-	-	0.74
	0.74	182.03	-	903.21	3.94	-	-	1,089.92		
	(0.64)	(177.25)	-	(1,006.32)	(5.94)	-	-	(1,190.15)		
2	Sale of goods (including sub contract charges)	Lucas TVS Limited, Chennai	-	-	-	1.16	-	-	-	1.16
		Sundram Fasteners Limited, Chennai	-	-	-	1.76	-	-	-	1.76
		Delphi-TVS Technologies Limited, Chennai	-	-	-	13.95	-	-	-	13.95
		TVS Auto Bangladesh Limited, Dhaka	-	-	-	588.29	-	-	-	588.29
		TVS Lanka Private Limited, Colombo	-	-	-	213.54	-	-	-	213.54
		T V Sundram Iyengar & Sons Private Limited., Madurai	367.49	-	-	-	-	-	-	367.49
	367.49	-	-	818.70	-	-	-	1,186.19		
	(67.31)	(0.16)	-	(941.18)	-	-	-	(1,008.65)		
3	Purchase of power	Sundram Non Conventional Energy Systems Limited, Chennai	-	-	0.68	-	-	-	-	0.68
			-	-	(0.71)	-	-	-	-	(0.71)
4	Purchase of asset	TVS Supply Chain Solutions Limited, Chennai	-	-	-	-	-	-	-	-
		T V Sundram Iyengar & Sons Private Limited, Madurai	1.53	-	-	-	-	-	-	1.53
		India Nippon Electricals Limited, Chennai	-	-	-	0.44	-	-	-	0.44
		Designo Lifestyle Solutions Private Limited, Bengaluru	-	-	-	-	0.16	-	-	0.16
		Lakshmi Energy and Environment Design Private Limited, Coimbatore	-	-	-	-	0.07	-	-	0.07
			1.53	-	-	0.44	0.23	-	-	2.20
	-	-	-	(3.94)	-	-	-	(3.94)		
5	Sale of Land	Emerald Haven Realty Limited, Chennai	-	-	0.56	-	-	-	-	0.56
			-	-	-	-	-	-	-	-
6	Rendering of services	Southern Roadways Private Limited, Chennai	-	0.01	-	-	-	-	-	0.01
		Lucas-TVS Limited, Chennai	-	0.01	-	-	-	-	-	0.01
		Lucas Indian Service Limited, Chennai	-	0.01	-	-	-	-	-	0.01
		TVS Supply Chain Solutions Limited, Chennai	-	-	-	0.89	-	-	-	0.89
		Brakes India Private Limited, Chennai	-	-	-	0.01	-	-	-	0.01
		Sundram Fasteners Limited, Chennai	-	-	-	0.11	-	-	-	0.11
		Wheels India Limited, Chennai	-	-	-	-	-	-	-	-
		TVS Electronics Limited, Chennai	-	0.15	-	-	-	-	-	0.15

Previous year's figures are furnished in brackets



## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

#### 40 RELATED PARTY DISCLOSURES - (continued)

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Fellow Subsidiaries	Associates	Group member	KMP- Significant Influence	KMP	Relative of KMP	Total
		TVS Investments Private Limited, Chennai - (Fellow Subsidiary) - (₹ 5,000)	-	-	-	-	-	-	-	-
		Emerald Haven Realty Developers (Paraniputhur) Private Limited, Chennai - (Group member)- (₹ 5,000)	-	-	-	-	-	-	-	-
		Emerald Haven Town and Country Private Limited, Chennai - (Group member)- (₹ 5,000)	-	-	-	-	-	-	-	-
		Emerald Haven Realty Limited, Chennai	-	-	0.34	-	-	-	-	0.34
		India Nippon Electricals Limited, Chennai	-	-	-	0.19	-	-	-	0.19
		TVS Srichakra Limited, Madurai	-	-	-	0.01	-	-	-	0.01
		Sundaram Brake Linings Limited, Chennai	-	-	-	0.01	-	-	-	0.01
		TVS Training and Services Limited, Chennai - (Associates) - (₹ 5,000)	-	-	-	-	-	-	-	-
		Emerald Haven Estates Limited, Chennai - (KMP)- (₹ 5,000)	-	-	-	-	-	-	-	-
		Emerald Haven Life Spaces (Radial Road) Limited, Chennai - (Group Member) (₹ 5,000)	-	-	-	-	-	-	-	-
		TVS Upasana Limited, Chennai	-	-	-	0.14	-	-	-	0.14
		Sundaram Services Limited, Chennai - (KMP) - ₹ 24,000)	-	-	-	-	-	-	-	-
		Harita-NTI Limited, Chennai	-	-	-	-	0.39	-	-	0.39
			-	0.18	0.34	1.36	0.39	-	-	2.27
			-	(0.15)	(0.27)	(0.74)	(0.53)	-	-	(1.69)
7	Receiving of services	T V Sundram Iyengar & Sons Private Limited, Madurai	0.35	-	-	-	-	-	-	0.35
		TVS Training and Services Limited, Chennai	-	-	0.02	-	-	-	-	0.02
		TVS Electronics Limited, Chennai	-	2.21	-	-	-	-	-	2.21
		Southern Roadways Private Limited, Chennai	-	2.29	-	-	-	-	-	2.29
		TVS Auto Assist (India) Limited, Chennai	-	2.71	-	-	-	-	-	2.71
		Lucas TVS Limited, Chennai	-	0.14	-	-	-	-	-	0.14
		Autosense Private Limited, Chennai	-	-	-	-	-	-	-	-
		Emerald Haven Realty Limited, Chennai	-	-	0.01	-	-	-	-	0.01
		TVS Supply Chain Solutions Limited, Chennai	-	-	-	84.73	-	-	-	84.73
		Harita Techserv Private Limited, Chennai	-	-	-	2.63	-	-	-	2.63
		Delphi-TVS Technologies Limited, Chennai	-	-	-	-	-	-	-	-
		Sundaram Brake Linings Limited, Chennai	-	-	-	0.04	-	-	-	0.04
		TVS Dynamic Global Freight Services Limited, Chennai	-	-	-	133.52	-	-	-	133.52
		TVS Autoserv GmbH, Germany	-	-	-	5.35	-	-	-	5.35
		Sundram Fasteners Limited, Chennai	-	-	-	0.23	-	-	-	0.23
		Dua Associates, Delhi	-	-	-	-	0.06	-	-	0.06
		Wheels India Limited, Chennai	-	-	-	0.01	-	-	-	0.01
		Dua Consulting Private Limited, Delhi	-	-	-	-	4.79	-	-	4.79
			0.35	7.35	0.03	226.51	4.85	-	-	239.09
			(0.27)	(13.83)	(0.19)	(233.19)	-	-	-	(247.48)
8	Lease rent received (Associates)	Sundram Non Conventional Energy Systems Limited, Chennai - ₹ 48,000	-	-	-	-	-	-	-	-
9	Remuneration paid	Key Management Personnel	-	-	-	-	-	37.90	-	37.90
			-	-	-	-	-	(49.36)	-	(49.36)
10	Investments	Tagbox Solutions Private Limited, Bengaluru / Tagbox Pte Limited,Singapore	-	-	26.60	-	-	-	-	26.60
			-	-	26.60	-	-	-	-	26.60
			-	-	(14.75)	-	-	-	-	(14.75)
11	Dividend received	Sundram Non-Conventional Energy Systems Limited, Chennai	-	-	0.35	-	-	-	-	0.35
			-	-	0.35	-	-	-	-	0.35
			-	-	(0.35)	(0.42)	-	-	-	(0.77)

Previous year's figures are furnished in brackets

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

#### 40 RELATED PARTY DISCLOSURES - (continued)

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Fellow Subsidiaries	Associates	Group member	KMP- Significant Influence	KMP	Relative of KMP	Total	
12	Outstanding as on 31 <sup>st</sup> March 2020 Receivables	T V Sundram Iyengar & Sons Private Limited, Madurai	79.50	-	-	-	-	-	-	79.50	
		TVS Auto Bangladesh Limited, Dhaka	-	-	-	95.65	-	-	-	95.65	
		TVS Lanka Private Limited, Colombo	-	11.29	-	-	-	-	-	11.29	
		TVS Investments Private Limited, Chennai - (Fellow Subsidiary) (₹ 5,900/-)	-	-	-	-	-	-	-	-	
		Delphi - TVS Technologies Limited, Chennai	-	-	-	1.73	-	-	-	1.73	
		Harita-NTI Limited, Chennai	-	-	-	-	0.07	-	-	0.07	
		Emerald Haven Realty Limited, Chennai	-	-	0.11	-	-	-	-	0.11	
		India Nippon Electricals Limited, Chennai	-	-	-	0.02	-	-	-	0.02	
		Sundram Non Conventional Energy Systems Limited, Chennai - (Associates)-(₹ 6,480)	-	-	-	-	-	-	-	-	
		Emerald Haven Realty Developers (Paraniputhur) Private Limited, Chennai - (Group member) (₹ 24,780)	-	-	-	-	-	-	-	-	
		Sundram Fasteners Limited, Chennai	-	-	-	0.45	-	-	-	0.45	
		TVS Electronics Limited, Chennai	-	0.04	-	-	-	-	-	0.04	
				79.50	11.33	0.11	97.85	0.07	-	-	188.86
				(37.28)	(0.04)	(1.50)	(96.89)	(0.02)	-	-	(135.73)
13	Outstanding as on 31 <sup>st</sup> March 2020 Payables	TVS Electronics Limited, Chennai	-	0.16	-	-	-	-	-	0.16	
		Lucas-TVS Limited, Chennai	-	24.61	-	-	-	-	-	24.61	
		Lucas Indian Services Limited, Chennai	-	1.34	-	-	-	-	-	1.34	
		Southern Roadways Private Limited, Madurai	-	0.16	-	-	-	-	-	0.16	
		Sundaram Industries Private Limited, Madurai	-	0.01	-	-	-	-	-	0.01	
		Emerald Haven Realty Limited, Chennai	-	-	0.23	-	-	-	-	0.23	
		Brakes India Private Limited, Chennai	-	-	-	6.66	-	-	-	6.66	
		TVS Srichakra Limited, Madurai	-	-	-	55.97	-	-	-	55.97	
		Wheels India Limited, Chennai	-	-	-	1.53	-	-	-	1.53	
		Harita Techserv Private Limited, Chennai	-	-	-	0.37	-	-	-	0.37	
		India Nippon Electricals Limited, Chennai	-	-	-	54.56	-	-	-	54.56	
		Sundaram Brake Linings Limited, Chennai	-	-	-	1.34	-	-	-	1.34	
		T V Sundram Iyengar & Sons Private Limited, Madurai	0.01	-	-	-	-	-	-	0.01	
		TVS Training and Services Limited, Chennai (Associates), (₹ 26,633)	-	-	-	-	-	-	-	-	
		TVS Supply Chain Solutions Limited, Chennai	-	-	-	5.21	-	-	-	5.21	
		TVS Autoserv GmbH, Germany	-	-	-	1.15	-	-	-	1.15	
		Sundram Fasteners Limited, Chennai	-	-	-	8.25	-	-	-	8.25	
		TVS Dynamic Global Freight Services Limited, Chennai	-	-	-	13.22	-	-	-	13.22	
		TVS Upasana Limited, Chennai	-	-	-	2.05	-	-	-	2.05	
		Harita-NTI Limited, Chennai	-	-	-	-	0.21	-	-	0.21	
		0.01	26.28	0.23	150.31	0.21	-	-	177.04		
		(0.01)	(30.39)	(3.51)	(174.34)	(0.50)	-	-	(208.75)		

Previous year's figures are furnished in brackets

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 41 SEGMENT REVENUES, RESULTS AND OTHER INFORMATION

##### Information about primary business segments

Particulars	Business Segments									
	Automotive components		Motor vehicles		Financial Services		Others		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
External sales - domestic	257.97	826.76	12,226.70	13,950.59	1,989.64	1,601.65	0.63	0.07	14,474.94	16,379.07
- exports	1,009.43	786.91	4,374.37	4,381.91	-	-	-	-	5,383.80	5,168.82
Inter segment sales	585.59	819.15	-	-	-	-	-	-	585.59	819.15
<b>Total sales</b>	<b>1,852.99</b>	<b>2,432.82</b>	<b>16,601.07</b>	<b>18,332.50</b>	<b>1,989.64</b>	<b>1,601.65</b>	<b>0.63</b>	<b>0.07</b>	<b>20,444.33</b>	<b>22,367.04</b>
Less: Inter segment sales	585.59	819.15	-	-	-	-	-	-	585.59	819.15
<b>Net Revenue</b>	<b>1,267.40</b>	<b>1,613.67</b>	<b>16,601.07</b>	<b>18,332.50</b>	<b>1,989.64</b>	<b>1,601.65</b>	<b>0.63</b>	<b>0.07</b>	<b>19,858.74</b>	<b>21,547.89</b>
Segment results before interest and tax	46.15	116.58	810.60	957.40	900.87	758.70	0.02	-	1,757.64	1,832.68
Add: Share of Associate profit									(2.49)	3.62
Less: Interest									909.94	718.56
Profit before tax									845.21	1,117.74
Taxes									218.65	367.97
<b>Profit after tax</b>									<b>626.56</b>	<b>749.77</b>
Segment Assets	2,607.57	2,394.24	7,619.35	6,727.53	10,381.43	9,043.70	3.75	4.36	20,612.10	18,169.83
Segment Liabilities	1,600.74	1,483.44	6,149.38	5,265.13	8,879.41	7,518.30	2.90	3.51	16,632.43	14,270.38
Segment Depreciation	117.41	109.61	511.14	409.09	20.10	15.20	-	-	648.65	533.90

Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 42 INTERESTS IN OTHER ENTITIES

##### a) Subsidiaries

The Group's subsidiaries at 31<sup>st</sup> March 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business / country of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities
		31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	
TVS Motor Company Limited	India	57.4%	57.4%	42.6%	42.6%	Motor vehicles manufacturing
Sundaram Holding USA Inc., Delaware, USA	USA	68.2%	67.8%	31.8%	32.2%	Automotive components
TVS Housing Limited	India	57.4%	57.4%	42.6%	42.6%	Housing
Sundaram Auto Components Limited (SACL)	India	57.4%	57.4%	42.6%	42.6%	Automotive components
TVS Motor Company (Europe) B.V., Amsterdam	Netherlands	57.4%	57.4%	42.6%	42.6%	Others
TVS Motor (Singapore) Pte. Limited, Singapore	Singapore	57.4%	57.4%	42.6%	42.6%	Others
PT.TVS Motor Company Indonesia, Jakarta	Indonesia	57.4%	57.4%	42.6%	42.6%	Motor vehicles manufacturing
TVS Motor Services Limited	India	57.4%	57.0%	42.6%	43.0%	Financial Services
TVS Credit Services Limited	India	49.7%	50.5%	50.3%	49.5%	Financial Services
Harita ARC Private Limited	India	49.7%	50.5%	50.3%	49.5%	Financial Services
Harita Collection Services Private Limited	India	49.7%	50.5%	50.3%	49.5%	Financial Services
TVS Commodity Solutions Private Limited	India	49.7%	50.5%	50.3%	49.5%	Financial Services
TVS Housing Finance Private Limited	India	49.7%	50.5%	50.3%	49.5%	Financial Services
TVS Micro Finance Private Limited	India	49.7%	50.5%	50.3%	49.5%	Financial Services
TVS Two Wheeler Mall Private Limited	India	49.7%	50.5%	50.3%	49.5%	Financial Services

##### b) Non-Controlling Interest

Set out below is summarised financial information for each subsidiary that has non controlling interest that are material to the Group. The amount disclosed for each subsidiary are before inter company eliminations.

Summarised balance sheet	TVS Motor Company Limited		Sundaram Auto Components Limited		TVS Credit Services Limited	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Current assets	3,229.43	3,154.90	124.43	122.62	5,897.42	4,825.58
Current liabilities	4,511.39	4,041.68	170.97	140.39	4,990.17	4,529.96
Net current assets / (liabilities)	(1,281.96)	(886.78)	(46.54)	(17.77)	907.25	295.62
Non-current assets	6,131.73	5,137.36	594.59	542.33	4,311.59	3,924.07
Non-current liabilities	1,231.87	980.36	142.98	176.20	3,845.71	3,068.55
Net non-current assets	4,899.86	4,157.00	451.61	366.13	465.88	855.52
Net assets	3,617.90	3,270.22	405.07	348.36	1,373.13	1,151.14
Accumulated NCI	1,541.23	1,393.11	172.56	148.40	690.55	569.58

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 42 INTERESTS IN OTHER ENTITIES - (continued)

Summarised Statement of Profit and loss	TVS Motor Company Limited		Sundaram Auto Components Limited		TVS Credit Services Limited	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Revenue	16,455.44	18,217.46	529.50	601.16	2,015.39	1,634.78
Profit for the year	592.06	670.14	4.90	9.21	151.02	148.30
Other comprehensive income	(114.26)	(3.26)	(5.39)	(0.89)	(17.65)	(0.60)
Total comprehensive income	477.80	666.88	(0.49)	8.32	133.37	147.70
Profit allocated to NCI	203.54	284.09	(0.21)	3.54	67.07	73.08
Dividends paid to NCI	85.21	70.85	1.08	1.00	–	–

Summarised Cash Flow Statement	TVS Motor Company Limited		Sundaram Auto Components Limited		TVS Credit Services Limited	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Cash flow from operating activities	1,393.62	1,097.78	56.71	17.35	(1,031.48)	(1,917.12)
Cash flow from investing activities	(1,288.85)	(1,008.14)	(75.76)	(124.99)	6.89	1.91
Cash flow from financing activities	270.51	86.99	4.77	91.15	1,282.13	1,946.76
Net increase / (decrease) in cash and cash equivalents	375.28	176.63	(14.28)	(16.49)	257.54	31.55

#### c) Interests in associates and joint ventures

##### Individually immaterial associates

The group has interests in 3 individually immaterial associates that are accounted using equity method.

Particulars	31-Mar-20	31-Mar-19
Aggregate carrying amount of individually immaterial associates	135.62	127.08

Particulars	31-Mar-20	31-Mar-19
Share of profits from associates	(2.49)	3.62
Other Comprehensive Income	(0.06)	(0.07)
Total Comprehensive Income	(2.55)	3.55

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

#### 43 ADDITIONAL INFORMATION ON NET ASSETS AND SHARE OF PROFITS AS AT 31<sup>st</sup> MARCH 2020

	Net Assets (Total Assets - Total Liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount Rs. in crores	As % of consolidated profit or loss	Amount Rs. in crores	As % of other comprehensive income	Amount Rs. in crores	As % of total comprehensive income	Amount Rs. in crores
1	2	3	4	5	6	7	8	9
<b>Parent</b>								
Sundaram-Clayton Limited, Chennai	24.13%	594.44	20.38%	68.70	62.15%	(90.31)	(11.27%)	(21.61)
<b>Subsidiaries - Indian</b>								
TVS Motor Company Limited, Chennai	146.86%	3,617.90	175.62%	592.06	78.61%	(114.23)	249.13%	477.83
TVS Credit Services Limited, Chennai	55.74%	1,373.11	44.80%	151.02	12.15%	(17.65)	69.54%	133.37
TVS Motor Services Limited, Chennai	2.74%	67.46	(2.12%)	(7.14)	0.00%	–	(3.72%)	(7.14)
Sundaram Auto Components Limited, Chennai	16.44%	405.06	1.45%	4.90	3.71%	(5.39)	(0.26%)	(0.49)
TVS Housing Limited, Chennai	0.03%	0.85	0.00%	0.01	0.00%	–	0.01%	0.01
<b>Subsidiaries – Foreign</b>								
Sundaram-Clayton (USA) Limited, Illinois	0.00%	0.02	0.00%	–	0.00%	–	0.00%	–
TVS Motor (Singapore) Pte Limited, Singapore	14.84%	365.52	(13.35%)	(45.00)	(0.94%)	1.37	(22.75%)	(43.63)
TVS Motor Company Europe B.V., Amsterdam	0.05%	1.32	0.20%	0.68	0.00%	–	0.35%	0.68
PT. TVS Motor Company Indonesia, Jakarta	4.27%	105.24	(12.68%)	(42.75)	2.71%	(3.94)	(24.34%)	(46.69)
Sundaram Holding USA Inc., Delaware, USA	17.34%	427.10	(1.36%)	(4.60)	-24.08%	34.99	15.84%	30.39
Sub-total		6,958.02		717.88		(195.16)		522.72
Non controlling Interest in all subsidiaries	61.55%	1,516.21	85.86%	289.44	34.34%	(49.90)	124.89%	239.54
Sub-total		5,441.81		428.45		(145.26)		283.18
<b>Add: Associates -Indian</b>								
(Investment as per the equity method)								
Sundram Non-Conventional Energy Systems Limited , Chennai	0.07%	1.69	0.12%	0.39	0.00%	–	0.20%	0.39
TVS Training and Services Limited, Chennai	0.21%	5.12	0.18%	0.61	0.00%	–	0.32%	0.61
Emerald Haven Realty Limited, Chennai	4.55%	112.20	(1.09%)	(3.68)	0.04%	(0.06)	(1.95%)	(3.74)
Tagbox Solutions Private Limited, Bengaluru	0.67%	16.61	(0.23%)	(0.78)	0.00%	-		
Sub-total	226.41%	5,577.43	126.07%	424.99	100.00%	(145.32)	146.22%	280.44
Less: Effect of intercompany eliminations	126.41%	3,113.97	26.07%	87.87	0.00%	–	46.21%	88.64
<b>Total</b>	<b>100%</b>	<b>2,463.46</b>	<b>100%</b>	<b>337.12</b>	<b>100%</b>	<b>(145.32)</b>	<b>100%</b>	<b>191.80</b>

Note: Net Assets and Share in Profit or Loss of Parent Company and its subsidiaries are as per the Standalone Financial Statements of the respective entities.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

#### 44 BUSINESS COMBINATION

On 7<sup>th</sup> September 2017 TVS Motor Company acquired 16,20,000 (81%) equity shares of M/s. TVS Motor Services Limited, Chennai. This would further strengthen the retail financing for the customers of the Company through its subsidiaries.

Details of the purchase consideration and goodwill are follows:

The purchase consideration of ₹1.62 crores for this business combination is paid by cash.

Calculation of goodwill

Particulars	Rupees in crores
Consideration transferred	1.62
Non-controlling interest in the acquired entity	135.61
Acquisition date fair value of previously held equity interest	0.38
Less : Net identifiable assets acquired	(48.06)
Goodwill on consolidation	185.67
- Goodwill attributable to Minority Interest	78.54
- Goodwill attributable to Parent company	107.13

The goodwill is attributable to the expected synergies on acquisition of the financial services business.

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business is allocated to the Group's cash generating units (CGU) or groups of CGUs expected to benefit from the synergies arising from the business combination.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rate on the basis of carrying amount of each asset in CGU. An impairment loss on goodwill is recognized in net profit in the Consolidated Statement of Profit and Loss and is not reversed in the subsequent period.

Company assessed impairment of goodwill based on the expected earnings growth of the acquired business.

Revenue and profit contribution.

The acquired business contributed revenues of ₹ 770.13 crores and profit before tax of ₹ 85.15 crores for the period between 7<sup>th</sup> September 2017 and 31<sup>st</sup> March 2018.

If the acquisition had occurred on 1<sup>st</sup> April 2017, consolidated pro-forma revenue and profit before tax for the year ended 31<sup>st</sup> March 2018 would have been ₹ 17,340.83 crores and ₹ 937.57 crores, respectively.

VENU SRINIVASAN  
Chairman & Managing Director

Dr. LAKSHMI VENU  
Joint Managing Director

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

VIVEK S JOSHI  
President & CEO

K GOPALA DESIKAN  
Chief Financial Officer

R RAJA PRAKASH  
Company Secretary

V SATHYANARAYANAN  
Partner  
Membership No. 027716

Chennai  
29<sup>th</sup> May 2020



## Consolidated Financial Statements of Sundaram-Clayton Limited

### Annexure Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

#### Statement containing salient features of the financial statement of subsidiaries/ associate companies

#### Part "A": Subsidiaries

Information in respect of each subsidiary to be presented with amounts

(Rupees in crores)

S. No	Particulars	Indian Subsidiaries										
		TVS Motor Company Limited	Sundaram Auto Components Ltd	TVS Housing Ltd	TVS Motor Services Ltd	TVS Credit Services Ltd	TVS Two Wheeler Mall Private Ltd	TVS Micro Finance Private Ltd	Harita ARC Private Ltd	Harita Collection Services Private Ltd	TVS Commodity Financial Solutions Private Ltd	TVS Housing Finance Private Ltd
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1.	Date on which subsidiary was acquired	15-11-2001	01-04-2003	21-06-2010	07-09-2017	07-09-2017	07-09-2017	07-09-2017	07-09-2017	07-09-2017	07-09-2017	08-09-2017
2.	Reporting period	01/04/2019 to 31/03/2020										
3.	Reporting currency	INR										
	Closing Exchange rate	Not applicable										
4.	Share capital	47.51	42.17	0.05	8.63	185.18	0.0025	0.0025	0.0025	0.0025	0.0025	12.00
5.	Reserves & Surplus	3570.58	362.90	0.80	13.83	1,186.85	(0.0064)	(0.0064)	(0.0065)	(0.0065)	(0.0065)	1.13
6.	Total assets	9361.16	719.02	3.75	208.58	10,283.73	0.0024	0.0024	0.0024	0.0025	0.0024	13.13
7.	Total Liabilities	9361.16	719.02	3.75	208.58	10,283.73	0.0024	0.0024	0.0024	0.0025	0.0024	13.13
8.	Investments	2605.88	297.42	-	17.47	12.01	-	-	-	-	-	-
9.	Turnover	16455.44	529.50	0.63	-	2014.68	-	-	-	-	-	-
10.	Profit before taxation	754.41	6.44	0.02	(11.47)	210.31	(0.0018)	(0.0018)	(0.0018)	(0.0018)	(0.0018)	0.71
11.	Provision for taxation	162.16	1.54	0.01	4.33	59.80	-	-	-	-	-	0.18
12.	Profit after taxation	592.25	4.90	0.01	(7.14)	150.51	(0.0018)	(0.0018)	(0.0018)	(0.0018)	(0.0018)	0.53
13.	Proposed Dividend	Nil										
14.	% of shareholding	57.4	57.4	57.4	57.5	49.7	49.7	49.7	49.7	49.7	49.7	49.7

S. No.	Particulars	Foreign Subsidiaries				
		Sundaram-Clayton (USA) Limited	PT TVS Motor Company Indonesia	TVS Motor Company (Europe) B.V.	TVS Motor (Singapore) Pte. Ltd.	Sundaram Holding USA Inc
		(12)	(13)	(14)	(15)	(16)
1.	Date on which subsidiary was acquired	15-06-2012	05-09-2005	21-07-2005	21-10-2005	09-09-2015
2.	Reporting period	01/04/2019 to 31/03/2020				
3.	Reporting currency	USD	IDR	USD	SGD	USD
	Closing Exchange rate	INR 75.67/USD	INR 0.465 / IDR 100	INR 75.67/USD	INR 53.03/SGD	INR 75.67/USD
4.	Share capital	-	869.56	126.52	477.79	394.45
5.	Reserves & Surplus	-	(764.32)	(125.20)	(112.27)	32.66
6.	Total assets	-	539.45	1.47	716.22	758.65
7.	Total Liabilities	-	539.45	1.47	716.22	758.65
8.	Investments	-	-	-	320.77	-
9.	Turnover	-	362.14	1.27	34.91	2.85
10.	Profit before taxation	-	(42.53)	0.68	(45.00)	(4.60)
11.	Provision for taxation	-	0.23	-	-	-
12.	Profit after taxation	-	(42.76)	0.68	(45.00)	(4.60)
13.	Proposed Dividend	Nil				
14.	% of shareholding	100	57.4	57.4	57.4	68.2

Notes: 1. The figures include the consolidation of its subsidiaries viz, Green Hills Land Holding LLC, Component Equipment Leasing LLC, Sundaram-Clayton USA LLC and Premier Land Holding LLC, all located at South Carolina, USA.

2. Subsidiaries which are yet to commence operations: (1) TVS Two Wheeler Mall Private Ltd, (2) TVS Micro Finance Private Ltd, (3) Harita ARC Private Ltd, (4) Harita Collection Services Private Ltd, (5) TVS Commodity Financial Solutions Private Ltd, (6) TVS Housing Finance Private Ltd and (7) Sundaram Holding USA Inc.

3. Subsidiaries which have been liquidated or sold during the year - Nil.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Part "B": Associates

#### Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies

(Rupees in crores)

S. No	Name of Associates	Emerald Haven Realty Limited	Sundram Non-Conventional Energy Systems Limited	TVS Training and Services Limited	Tagbox Solutions Private Limited *	Tagbox Pte Limited *
1.	Latest audited Balance Sheet Date	31-03-2020	31-03-2020	31-03-2020	31-03-2020	31-03-2020
2.	Date on which the Associate was acquired	26-03-2012	24-03-1995	20-02-2013	08-05-2019	08-05-2019
3.	Shares of Associate held by the Company on the year end					
	(i) No. of shares	11,12,19,512	1,17,650	27,63,359	45,710	243,243
	(ii) Amount of investment in Associates / Joint Venture	111.22	0.12	2.76	1.19	15.42
	(iii) Extent of holding %	28.01	23.53	30.53	23.5	24.30
4.	Description of how there is significant influence	Holding more than 20% of share capital	Holding more than 20% of share capital	Holding more than 20% of share capital	Holding more than 20% of share capital	Associate of subsidiary
5.	Reason why the associate/joint venture is not consolidated	-	-	-	-	-
6.	Net worth attributable to Shareholding as per latest audited Balance Sheet	64.77	0.84	5.03	0.78	2.90
7.	Profit / Loss for the year:					
	(i) Considered in consolidation	(3.68)	0.39	0.61	0.20	(0.98)
	(ii) Not considered in consolidation	(9.47)	1.25	1.40	0.61	(3.08)

\* Unaudited financial statement.

Note: 1. Associates which are yet to commence Operations - Nil.

2. Associates which have been liquidated or sold during the year - Nil.

VENU SRINIVASAN  
Chairman & Managing Director

Dr. LAKSHMI VENU  
Joint Managing Director

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

VIVEK S JOSHI  
President & CEO

K GOPALA DESIKAN  
Chief Financial Officer

R RAJA PRAKASH  
Company Secretary

V SATHYANARAYANAN  
Partner  
Membership No. 027716

Chennai  
29<sup>th</sup> May 2020

