

**Board of Directors**

SURESH KRISHNA  
*Chairman*

VENU SRINIVASAN  
*Managing Director*

GOPAL SRINIVASAN  
*Joint Managing Director*

K MAHESH

T K BALAJI

Dr CHRISTIAN WIEHEN

NIKHIL MADHUKAR VARTY

LEON LIU

D E UDWADIA

D D UDESHI

PASCALE F. RAHMAN

VICE ADMIRAL P J JACOB (Retd.)

K S SHAH  
*Alternate to Leon Liu*

**Executive Director**

H LAKSHMANAN

**President - Automotive Products**

C N PRASAD

**Senior Vice President - Finance**

V N VENKATANATHAN

**Secretary**

S MURALIDHARAN

**Audit Committee**

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

D E UDWADIA

T K BALAJI

K S SHAH

**Investors' Grievance Committee**

SURESH KRISHNA  
*Chairman*

VENU SRINIVASAN

T K BALAJI

K MAHESH

**Bankers**

STATE BANK OF INDIA  
Corporate Accounts Group Branch  
Greems Dugar  
Greems Road  
Chennai 600 006

STATE BANK OF MYSORE  
Whites Road Branch  
Chennai 600 014

**Auditors**

SUNDARAM & SRINIVASAN  
Chartered Accountants  
23 Sir C P Ramaswamy Road  
Alwarpet, Chennai 600 018.

**Listing of shares with :**

Madras Stock Exchange Ltd., Chennai.  
The National Stock Exchange of India Ltd.,  
Mumbai.  
Bombay Stock Exchange Ltd, Mumbai.

**Registered Office**

"Jayalakshmi Estates"  
29 (Old No.8) Haddows Road  
Chennai 600 006  
Tel : 044-28272233  
Fax: 044-28257121

**Factories**

Padi, Chennai 600 050  
Ambattur, Chennai 600 058  
Belagondapalli, Hosur - 635 114

*Sundaram-Clayton Limited* 

*45th Annual Report 2007*



<b>CONTENTS</b>	<b>Page No.</b>
Financial highlights	3
Notice to the shareholders	4
Directors' report to the shareholders	7
Management discussion and analysis report	12
Report on Corporate governance	16
Auditors' certificate on Corporate governance	24
Auditors' report to the shareholders	25
Balance sheet	28
Profit & loss account	29
Schedules	30
Cash flow statement	52
Statement under Section 212 of the Companies Act, 1956	54
General business profile	55
Auditors' report on consolidated accounts	57
Consolidated accounts	58
Financial information of subsidiaries under Section 212(8) of the Companies Act, 1956.	72

## FINANCIAL HIGHLIGHTS INCLUDING SELECTED INDICATORS AND RATIOS

Rupees in crores

Year ended	1998*	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Profit and Loss Account</b>										
Sales	130.0	160.0	231.8	240.6	246.8	299.1	417.4	536.3	629.3	816.2
Other income	9.4	13.2	14.6	14.6	18.3	24.2	28.4	32.5	45.3	48.6
Total income	139.4	173.2	246.4	255.2	265.1	323.3	445.8	568.8	674.6	864.8
Gross profit before interest, depre and tax (EBITDA)										
	17.1	26.2	38.9	34.9	41.5	59.0	82.1	101.6	141.1	176.1
Depreciation	4.1	5.8	8.0	9.5	10.9	12.0	15.3	21.4	26.9	32.8
Profit before interest & tax	13.0	20.4	30.9	25.4	30.6	47.0	66.8	80.2	114.2	143.3
Interest	0.4	(0.6)	0.6	1.5	1.3	(1.3)	0.5	3.8	7.9	15.2
Profit before tax	12.6	21.0	30.3	23.9	29.3	48.3	66.3	76.4	106.3	128.1
Profit after tax	6.9	18.7	22.7	17.7	21.9	36.1	46.0	53.4	75.3	91.6
<b>Balance Sheet</b>										
Net fixed assets	52.7	64.9	85.1	96.2	99.6	124.8	183.8	275.1	302.5	326.4
Investments	48.4	43.5	43.0	43.0	48.3	43.2	55.0	57.1	71.0	82.3
Net current assets	21.9	30.4	44.7	46.2	24.5	28.1	23.3	30.4	77.4	170.6
Total	123.0	138.8	172.8	185.4	172.4	196.1	262.1	362.6	450.9	579.3
Share capital	18.9	18.9	18.9	18.9	18.9	18.9	18.9	18.9	18.9	18.9
Reserves & surplus	94.8	107.2	122.6	134.0	135.5	158.2	187.1	221.1	270.5	325.2
Net worth	113.7	126.1	141.5	152.9	154.4	177.1	206.0	240.0	289.4	344.1
Loan funds	9.3	12.7	31.3	32.5	9.6	8.9	44.8	109.2	146.1	215.8
Deferred taxation (net)	-	-	-	-	8.4	10.1	11.3	13.4	15.4	19.4
Total	123.0	138.8	172.8	185.4	172.4	196.1	262.1	362.6	450.9	579.3
EPS (Rs) @	3.66	9.86	11.95	9.36	11.52	19.00	24.25	28.16	39.26	48.06
DPS (Rs) @	2.00	3.00	3.50	3.00	6.00	6.50	8.00	9.00	12.00	17.00
Book value per share (Rs) @	59.98	66.51	74.59	80.63	81.41	93.40	108.63	126.53	152.57	181.41
Return on capital employed (ROCE) %	12.7#	15.6	19.9	14.2	17.1	25.5	29.2	25.7	28.1	27.8
Return on net worth (RONW) %	7.3#	15.6	16.9	12.1	14.2	21.7	24.0	23.9	28.5	28.9
Fixed assets turnover (no of times)	3.0#	2.7	3.1	2.7	2.5	2.7	2.7	2.3	2.2	2.6
Working capital turnover (no of times)	6.2#	6.1	6.2	5.3	7.0	11.4	16.2	20.0	11.7	6.6
EBITDA as % of sales	13.1	16.4	16.8	14.5	16.8	19.7	19.7	18.9	22.4	21.6
EBITDA as % of total income	12.3	15.1	15.8	13.7	15.7	18.3	18.4	17.9	20.9	20.4
Net profit as % of total income	5.0	10.8	9.2	7.0	8.2	11.2	10.3	9.4	11.2	10.6

@ Adjusted for bonus issue. # figures are annualised

ROCE is profit before interest and taxation divided by average networth plus loan funds.

RONW is profit after tax divided by average networth.

Fixed assets turnover is sales divided by average net fixed assets as at the end of the year.

Working capital turnover is sales divided by average net current assets as at the end of the year.

\* Figures for ten months ended 31st March 1998.



## Notice to the Shareholders

NOTICE is hereby given that the forty fifth annual general meeting of the company will be held at 'The Music Academy', New No.168 (Old No.306), TTK Road, Chennai 600 014 on Wednesday, the 3<sup>rd</sup> October 2007 at 10.30 a.m to transact the following business:

### ORDINARY BUSINESS

**1. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:**

RESOLVED THAT the audited balance sheet as at 31<sup>st</sup> March 2007 and the profit and loss account of the company for the year ended on that date, together with the directors' report and the auditors' report thereon as presented to the meeting be and the same are hereby approved and adopted.

**2. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:**

RESOLVED THAT pursuant to the recommendation of the board of directors of the company, a final dividend of Rs.2/- per share on 1,89,67,584 equity shares of Rs.10/- each fully paid up absorbing a sum of Rs.3.80 crores be and is hereby declared for the year ended 31<sup>st</sup> March 2007 and the same be paid to those shareholders whose name appear in the register of members of the company as at the close of 27<sup>th</sup> September 2007.

**3. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:**

RESOLVED THAT Mr Gopal Srinivasan, director who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a director of the company.

**4. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:**

RESOLVED THAT Mr T K Balaji, director who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a director of the company.

**5. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:**

RESOLVED THAT Mr K Mahesh, director who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a director of the company.

**6. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:**

RESOLVED THAT Mr Leon Liu, director who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a director of the company.

**7. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:**

RESOLVED THAT the retiring auditors Messrs. Sundaram & Srinivasan, Chartered Accountants, Chennai be and are hereby

re-appointed as auditors of the company to hold office from the conclusion of this annual general meeting till the conclusion of the next annual general meeting of the company on such remuneration as may be fixed in this behalf by the board of directors of the company.

By order of the board

Chennai  
10<sup>th</sup> August 2007

S MURALIDHARAN  
Secretary

Registered office:  
"Jayalakshmi Estates"  
29, (Old No.8), Haddows Road  
Chennai 600 006

### Notes:

- A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy or proxies so appointed need not be a member or members, as the case may be, of the company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the company not later than 48 hours before the time fixed for holding the meeting.**
  - The register of members and the share transfer register will remain closed for a period of six days from 28<sup>th</sup> September 2007 to 3<sup>rd</sup> October 2007. (both days inclusive).
  - Subject to the provision of Section 206A of the Companies Act, 1956, dividend, as recommended by the Board of Directors, if declared at the meeting, will be paid on or after 3<sup>rd</sup> October 2007 to the Shareholders whose names appear in the Register of Members as at the close of 27<sup>th</sup> September 2007.
  - In terms of Section 205A read with Section 205C of the Companies Act, 1956, the dividends declared by the company, which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund (IEPF), established by the Central Government on the due dates. The particulars of due dates for transfer of such unclaimed dividends to IEPF are furnished in the report on Corporate Governance.
- Members who have not encashed their dividend warrants in respect of the above period are requested to make their claim by surrendering the unencashed warrants immediately to the company.
- Members holding shares in physical form, in their own interest, are requested to dematerialise the shares to avail the benefits of electronic holding / trading.

6. Members are requested to notify to the company immediately any change in their address. Members holding shares in depository are requested to advise change of address to their depository participants.
7. As a measure of economy, copies of the annual report will not be distributed at the annual general meeting. Members are, therefore, requested to bring their copies of the annual report to the meeting.
8. Members are requested to affix their signature at the space provided on the attendance slip annexed to proxy form and hand over the slip at the entrance of the meeting hall.
9. In terms of clause 49 (IV)(G) of the Listing Agreement with the stock exchanges, a brief resume of directors, proposed to be reappointed in this meeting, nature of their expertise in specific functional areas, their other directorships and committee memberships and their shareholdings in the company are given below:

**I. Mr Gopal Srinivasan**

Born on 4<sup>th</sup> August, 1958, Mr Gopal Srinivasan is a commerce graduate from Loyola College, Chennai and is a Master of Business Administration (Industrial and Business Administration) from the University of Michigan, Ann Arbor, USA.

He is the past president of Manufacturers' Association for Information Technology and has been representing IT industry in the country and negotiating with the Government of India on its policies. He is also a member of the panel on development, manufacture and export of IT hardware constituted under the National Task Force on Information Technology and Software Development constituted under the authority of the office of the Prime Minister and a member of the State Level Information Technology Task Force headed by the Chief Minister of Tamil Nadu. He is a member of the small group set up by the Commerce and Industry Minister, Government of India to suggest policy and procedural changes to bring about a quantum jump in the export of electronic hardware.

He is currently the Chairman of the Tamil Nadu State Council of Confederation of Indian Industry (CII).

He was awarded "Electronics Man of the Year – 2004" by "Electronics for You" magazine in 2004 and also by ELCINA for the year 1996-97. He was also served as a key member in various panels of both Central and State Governments.

He is serving as director of the company since 29<sup>th</sup> November 1985.

He is a member of the administrative committee of directors of the company. Details of his other directorships and membership of committees are given below:

S. No.	Name of the company	Position held	Committee membership/ chairmanship
1.	Harita TVS Technologies Inc., USA	Director	
2.	Hariita TVS Technologies Limited	Chairman	
3.	ICICI Venture Funds Managing Company Limited	Director	
4.	Lucas TVS Limited	Director	
5.	Sundaram Industries Limited	Director	
6.	Sundaram Investment Limited	Director	
7.	T V Sundram Iyengar & Sons Limited	Director	
8.	TVS Electronics Limited	Wholetime director	Shareholders/ Investors' Grievance Committee - Member
9.	TVS Finance and Services Limited	Chairman	Shareholders/ Investors' Grievance Committee - Member
10.	TVS Investments Limited	Chairman	
11.	TVS Logistics Services Limited	Director	
12.	TVS Motor Company Limited	Director	
13.	TVS-E Servicetec Limited	Director	
14.	Harita Techserv Limited	Director	
15.	TVS Venture Capital Limited	Director	
16.	Harita Electronics Private Limited	Director	
17.	Vignani Technologies Private Limited	Director	

He holds 66 shares in the company.

**II. T K Balaji**

Born on 12<sup>th</sup> July 1948, Mr T K Balaji is a Bachelor of Engineering, securing first rank from Madras University and is also a Master of Business Administration from IIM Ahmedabad with a Gold medal for outstanding scholastic performance.

Mr T K Balaji is a member of Development Council for Automobiles & Allied Industries, Government of India. He is the past president of Automotive Component Manufacturers Association of India (ACMA). He had served on the CII national council for a number of years. 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.

He is serving as director of the company since 28<sup>th</sup> November 1984.

He is a member of the Audit Committee and Investors' grievance committee of directors of the Company.

Details of his other directorships and membership/chairmanship of committees are given below:



## Sundaram-Clayton Limited

S. No.	Name of the company	Position held	Committee membership/ chairmanship
1.	TVS Motor Company Limited	Director	Audit Committee - Member
2.	India Nippon Electrials Limited	Chairman	Investors' Grievance Committee - Member
3.	Lucas TVS Limited	Managing director	
4.	Delphi-TVS Diesel Systems Limited	Managing director	
5.	Lucas Indian Service Limited	Director	
6.	TVS Electronics Limited	Director	Investors' Grievance Committee - Member
7.	T V Sundram Iyengar & Sons Limited	Director	
8.	Titan Industries Limited	Director	Audit Committee - Member Remuneration Committee - Chairman
9.	Apollo Hospitals Enterprise Limited	Director	
10.	TVS Automotive Systems Limited	Director	
11.	India Japan Lighting Private Limited	Chairman	
12.	Harita Electronics Private Limited	Director	
13.	Hasstham Swasthi Private Limited	Director	
14.	Punarvasu Swasthi Private Limited	Director	

He does not hold any share in the company.

### III. Mr K Mahesh

Born on 11<sup>th</sup> October 1943, Mr K Mahesh is a B.Tech graduate in metallurgy. He is the past president of Automotive Component Manufacturers Association of India and also the past chairman of ACMA Centre for Technology. He is the founder trustee of TSK Memorial Trust. He was the member of the National Council of Confederation of Indian Industry.

He is serving as director of the company since 28<sup>th</sup> July 1975.

He is a member of the Investors' grievance committee of directors of the Company. Details of his other directorships and membership/ chairmanship of committees are given below:

S. No.	Name of the company	Position held	Committee membership/ chairmanship
1.	Sundaram Brake Linings Limited	Chairman and Managing Director	Investors' Grievance Committee – Member
2.	Sundaram Textiles Limited	Director	
3.	Sundaram Industries Limited	Director	
4.	T V Sundram Iyengar & Sons Limited	Wholetime Director	
5.	Southern Roadways Limited	Director	
6.	TVS Global Trade Private Limited	Director	

He holds 243 equity shares of the Company.

### IV. Mr Leon Liu

Born on 13<sup>th</sup> November 1961, Mr Leon Liu is WABCO Vehicle Control Systems' regional president for the Asia Pacific (APAC) business unit. Leon is responsible for WABCO's business objectives in Asia Pacific and he leads the team that drives regional business, integrates local market needs and requirements and implements strategies aligned with product and aftermarket business units.

Mr Leon Liu brings nearly 18 years of U.S and Asia Pacific Automotive Engineering and Tier 1 Supplier experience to WABCO. His career began with major Japanese Tier 1 suppliers, then progressed to Ford Motor Company and Visteon Corporation where he held management positions of increasing responsibility in product development, product launches, program management, corporate strategy and business development. Mr Leon Liu joined WABCO after serving as Visteon's director of business planning and strategy for the company's Asia operations.

A native of China, Mr Leon Liu earned a bachelor's degree in engineering from China East University, Shanghai, China; a master's degree in business administration in general management from Michigan State University, East Lansing, Mich., U.S and a Ph.D in materials science and engineering from the Tokyo Institute of Technology in Japan. He is fluent in Japanese, English and Chinese.

He is not a member of any committee of directors of the company. Details of his other directorships are given below.

S. No.	Name of the company	Position held
1	WABCO Korea Limited	Director
2	Shandong Weiming Automotive Product Co Ltd	Chairman/Director
3	WABCO China Co Limited	Chairman/Director
4	WABCO Japan Inc.,	Director

He does not hold any share in the company.



## Directors' report to the shareholders

The directors herewith present the forty fifth annual report and the audited accounts for the year ended 31<sup>st</sup> March 2007.

### 2. FINANCIAL HIGHLIGHTS

Details	Rs. in crores	
	Year ended 31.03.2007	Year ended 31.03.2006
Sales and other income	<b>864.81</b>	674.60
Gross profit before interest and depreciation	<b>176.11</b>	141.11
Interest –Net	<b>15.24</b>	7.89
Depreciation	<b>32.79</b>	26.90
Profit before tax	<b>128.08</b>	106.32
Provision for taxation (including deferred tax and fringe benefit tax)	<b>36.92</b>	31.85
Profit after tax	<b>91.16</b>	74.47
Add: Tax relating to earlier years	<b>0.52</b>	0.85
	<b>91.68</b>	75.32
Surplus brought forward from previous year	<b>26.83</b>	21.46
Total	<b>118.51</b>	96.78
Appropriations:		
First Interim dividend paid	<b>13.28</b>	11.38
Second Interim dividend paid	<b>15.17</b>	11.38
Proposed dividend	<b>3.80</b>	-
Tax on dividend	<b>4.64</b>	3.19
Transfer to general reserve	<b>40.39</b>	44.00
Surplus in profit & loss account	<b>41.23</b>	26.83
	<b>118.51</b>	96.78

### 3. DIVIDEND

During the year, the board of directors declared two interim dividends of Rs.7/- per share on 30<sup>th</sup> October 2006 and Rs.8/- per share on 21<sup>st</sup> March 2007, thus totaling Rs.15/- per share (i.e 150%) absorbing in the aggregate a sum of Rs.28.45 crores.

The board of directors have recommended a final dividend of Rs.2/- per share (i.e. 20%) for the year ended 31<sup>st</sup> March 2007, absorbing a sum of Rs.3.80 crores for approval of the shareholders in the ensuing annual general meeting.

### 4. PERFORMANCE

During the year under review, the vehicle industry continued the positive growth. The production of medium/heavy commercial vehicles (MCV/ HCV), passenger cars and two wheelers registered a growth of 34%, 18% and 11% respectively over the previous year 2005-06. The production of light commercial vehicles (LCV) registered a growth of 31% during the same period.

Against this backdrop, the Brakes division of the company achieved a turnover of Rs.487 crores as against Rs.409 crores during 2005-06. The increase was mainly driven by continued increase in sales to original equipment manufacturers, namely Tata Motors, Ashok Leyland and Eicher in view of their increased production of HCV/MCV, increase in content per vehicle and sales to after-market.

During the year 2006-07, the die casting division of the company sold 19,541 tonnes as against 16,320 tonnes in 2005-06 registering a growth of 20% (by tonnage). The export sales also increased from Rs.76 crores in 2005-06 to Rs.132 crores in 2006-07, recording a growth of 74%. This was due to the increased export sales to Cummins, Volvo and their subsidiaries.

### 5. SCHEME OF ARRANGEMENT

With the announcement of liberalization policies by the Government and globalization of businesses, the foreign promoters of the company, namely the American Standard Inc., are providing updated technology in air brake systems required by Indian commercial vehicle manufacturers. They are also interested in utilizing the Company as one of its sources for meeting their global requirements.

Similarly, the Non-brakes business of the company, viz., aluminium die casting business needs focused attention particularly considering the growing export markets.

Taking these into consideration, the board of directors of the company decided to reorganize the business activities by demerging the brakes business into a wholly owned subsidiary of the company, presently named WABCO-TVS (INDIA) LIMITED so that the two businesses will have independent management attention.

The board of directors of the company, at their meeting held on 14<sup>th</sup> May 2007, approved a Scheme of Arrangement in terms of section 391-394 of the Companies Act, 1956 for demerging the brakes business with WABCO-TVS (INDIA) LIMITED, from the appointed date, namely 1<sup>st</sup> January 2007, subject to the approval of the shareholders of both the companies and other regulatory authorities and approval of the Hon'ble High Court of Madras.

The Company has filed the draft Scheme of arrangement with the Stock Exchanges and on their approval, will file the Scheme with the Hon'ble High Court of Madras. On the directions of the Hon'ble High Court, a special shareholders meeting will be held to consider and approve the Scheme of Arrangement.

### 6. OUTLOOK

The HCV/MCV vehicle sale is expected to register a negative growth (-15%) during 2007-2008. The factors that are likely to impact the growth of the industry are rising input costs of commercial vehicles, increase in interest rates, slowdown in overall economy besides loss of share of freight transport to railways. However, the following factors may help the growth of MCV/ HCV vehicle sale, namely increased activity in construction and road sector (national highway projects such as North-South and East-West corridors, port connectivity projects) and effective implementation of 'ban on overloading'. Passenger car and two wheeler segments are likely to register a growth of 10% and 2% respectively over 2006-07.

The brakes business of the company is geared up to meet any extra demand that would be generated by HCV/MCV segments both in respect of volume and upgraded technology products. The business of the die casting division is expected to grow by 14% due to increased sale of machined castings. This growth is mainly to come from the ramp-up of new business from overseas customers.





## Sundaram-Clayton Limited

### 7. CAPITAL EXPENDITURE

During 2007-2008, the company proposed to make additional investments of Rs.96 crores in brakes business and Rs.95 crores in die casting business taking into account the long term business prospects and export orders. The company has planned to meet this outgo partly by internal accruals and partly by low cost rupee loans and foreign currency loans.

### 8. SUBSIDIARIES

During the year under review, the company disinvested its entire investments held in M/s Harita Stocks Limited (HSL) in favour of another wholly owned subsidiary of the company, namely M/s Anusha Investments Limited (AIL). As both these companies are engaged in similar business activities, namely investment, the board of directors of these companies decided to amalgamate HSL with AIL to achieve synergies in business activities and eliminate duplication of costs of administration under a scheme of amalgamation.

After completing the required legal formalities in terms of section 391-394 of the Companies Act, 1956, the Hon'ble High Court of Madras sanctioned the said scheme of amalgamation vide its order dated 9<sup>th</sup> March 2007 and dissolved HSL in pursuance of the said scheme. Accordingly, the HSL ceased to be a subsidiary of the company from the effective date, namely 30<sup>th</sup> March 2007.

During the year under review, AIL acquired the entire paid up capital of M/s Padi Automotive Systems Limited (PASL) (formerly known as Padi Air Brake Systems Limited) consisting of 50,000 equity shares of Rs.10/- each on 22<sup>nd</sup> December 2006 and thereby it became a wholly owned subsidiary of AIL. PASL, by virtue of the provisions of section 4(1)(c) of the Companies Act, 1956, became a subsidiary of the company effective that date. PASL is yet to commence its business activities.

During the year under review, the Company was allotted 46,25,000 equity shares of Rs.10/- each at a premium of Rs.10/- per share, aggregating to Rs.9.25 crores, by the wholly owned subsidiary of the company, namely TVS Investments Limited (TVSI), for transfer of lands owned by the company.

M/s TVS Investments Limited and M/s TVS Electronics Limited, Chennai, subsidiaries of the company, have promoted the following new companies as their wholly owned subsidiaries, TVS-E Access India Limited effective 27<sup>th</sup> April 2007 and TVS-E Servicetec Limited effective 17<sup>th</sup> May 2007 respectively with an initial capital of Rs.5 lakhs each.

These newly promoted companies proposed to engage in the activities of customer support services, distribution, trading and dealing, repair and maintenance and other services relating to computers, electronic power, telecommunication, software and other products. These companies are yet to commence their business activities.

During the year, the name of the wholly owned subsidiary of the company, namely Auto (India) Engineering Limited was changed to WABCO-TV (INDIA) LIMITED effective 3<sup>rd</sup> May 2007, to which the brakes business of the company is planned to be demerged as explained in this report earlier.

As on date of this report, the following are the subsidiaries of the company:

S.No	Name of the company	Subsidiary of
1.	Anusha Investments Limited	Sundaram-Clayton Limited
2.	Padi Automotive Systems Limited	Anusha Investments Limited
3.	WABCO-TV (INDIA) Limited (formerly known as Auto (India) Engineering Limited)	Sundaram-Clayton Limited
4.	TVS Motor Company Limited	Sundaram-Clayton Limited
5.	TVS Motor (Singapore) Pte Limited	TVS Motor Company Limited
6.	TVS Motor Company (Europe) B.V	TVS Motor Company Limited
7.	PT TVS Motor Company Indonesia	TVS Motor Company (Europe) B.V
8.	Sundaram Auto Components Ltd	TVS Motor Company Limited
9.	TVS Investments Limited	Sundaram-Clayton Limited
10.	TVS Electronics Limited	TVS Investments Limited
11.	TVS Finance and Services Limited	TVS Investments Limited
12.	TVS-E Access India Limited	TVS Investments Limited
13.	Sravanaa Properties Limited	TVS Electronics Limited
14.	TVS-E Servicetec Limited	TVS Electronics Limited

### 9. CONSOLIDATED ACCOUNTS

In terms of Accounting Standard 21 prescribed by the Institute of Chartered Accountants of India, the accounts of the subsidiaries are consolidated with the accounts of the company and the consolidated accounts form part of this report, except the subsidiaries, namely TVS-E Access India Limited and TVS-E Servicetec Limited, which have become subsidiaries on 27<sup>th</sup> April 2007 and 17<sup>th</sup> May 2007 respectively and would be closing their first year of accounts only in March 2008.

An application in terms of Section 212(8) of the Companies Act, 1956 was made to the Central Government, seeking exemption from attaching the balance sheet and profit and loss account of the subsidiaries alongwith the report of the board of directors and that of the auditors' thereon, with the company's accounts.

The Central Government vide its letter No.47/218/2007 CL-III dated 9<sup>th</sup> July 2007 granted exemption from attaching the audited accounts and reports of the subsidiaries with that of the company for the year ended 31<sup>st</sup> March 2007. This would help the company to save considerable costs in printing and mailing.

As directed by the Central Government, the company is presenting the consolidated financial statements of each of its subsidiary duly audited by the statutory auditors.

The annual accounts of the subsidiaries and the related detailed information will be made available, at any point of time, to the investors of both the holding and the subsidiary companies upon seeking such information.

The annual accounts of the subsidiary companies will also be kept for inspection by the members at the registered office of the company and that of the subsidiary companies concerned during the business hours on any working day.

## 10. DIRECTORS

During the year, Mr Gopal Srinivasan, Mr T K Balaji, Mr K Mahesh and Mr Leon Liu, directors, will be retiring at this annual general meeting and are eligible for re-appointment.

During the year under review, Ms Ryna Karani had resigned from the board as an alternate director to Mr Nikhil Madhukar Varty effective 31<sup>st</sup> October 2006. The board of directors wish to place on record their appreciation of the services rendered by Ms Ryna Karani, during her tenure as a director of the company.

During the year under review, Mr K S Shah was appointed as an alternate director to Mr Leon Liu effective 29<sup>th</sup> January 2007.

## 11. AUDITORS

M/s Sundaram & Srinivasan, Chartered Accountants, Chennai retire at the ensuing annual general meeting and are eligible for re-appointment.

## 12. STATUTORY STATEMENTS

### Conservation of energy, technology absorption and foreign exchange earnings and outgo

As per the requirements of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure I to this report.

### Particulars of employees

As required by the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure II to this report.

However, as per the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent to all the shareholders of the Company excluding the aforesaid information on employees. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered office of the Company.

### Directors' Responsibility Statement

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 with respect to directors' responsibility statement, it is hereby confirmed:

- (i) that in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March 2007, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- (ii) that 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) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (iv) that the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2007 on a "going concern basis".

## 13. CORPORATE GOVERNANCE

The company has complied with the provisions of Listing Agreement concerning corporate governance and a report to this effect is attached to this report as required by Clause 49 of the Listing Agreement with the stock exchanges. A certificate issued by the auditors of the company regarding compliance of conditions of corporate governance, is also annexed to the said report.

The managing director (CEO) and the senior vice-president (finance) (CFO) of the Company have certified to the board on financial statements and other matters in accordance with clause 49 (V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31<sup>st</sup> March 2007.

A management discussion and analysis report as required by Listing Agreement, is also attached which forms part of this report.

## 14. ACKNOWLEDGEMENT

The directors gratefully acknowledge the continued support and co-operation received from M/s. T V Sundram Iyengar and Sons Limited, Madurai, and American Standard Inc., USA.

The directors thank the vehicle manufacturers, distributors, 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

Chennai  
10<sup>th</sup> August 2007

SURESH KRISHNA  
Chairman

## Annexure I to the Directors' report

Information as required under Section 217(1) (e) of the Companies Act, 1956

### A. CONSERVATION OF ENERGY

#### 1. Measures taken:

- (i) Programmable logic control for a ductable air conditioning system;
- (ii) Timer control for fresh air and exhaust system in canteen and for air handling unit blowers in R&D shop;
- (iii) Optimized the compressed air pressure setting;
- (iv) Replacement of metal halide lamps by dome lights and tube lights in shop;
- (v) Use of condensate water for feeding canteen boiler instead of normal water;
- (vi) Replacement of RBT furnace with tower furnace and reciprocating compressor with screw type compressor in a phased manner;
- (vii) Power factor improvement by introducing capacity banks in the incoming TNEB supply;
- (viii) Reduction of heat loss in holding furnace by introducing lids, in a phased manner;
- (ix) Optimized the usage of GDC holding furnace, reduced furnace oil consumption by improving loader arrangement in tower furnace and reduced LPG consumption by improving intermediate tube heating and sand core box heating;
- (x) Other energy saving measures undertaken include introduction of Variable Frequency Drives (VFD) in machines, optimization of hydraulic motor running, energy saving lighting devices, common power packs and introduction of Timer-off circuits;

The above measures have resulted in an annual saving of about Rs.0.77 crores.

#### 2. Proposed measures:

- (i) Optimizing pressure setting in HP and LP compressor air pressure and temperature setting in air conditioning system;
- (ii) Demand controller for compressor air system;
- (iii) Replacement of electrical heater by solar heater in surface treatment shop, reciprocating compressors with screw compressors;
- (iv) Installation of shut off valve for test rigs;
- (v) Providing high efficiency motor for machines, manual lids to remaining holding furnaces in GDC and PDC for reducing energy consumption during machine idle time;
- (vi) Reduction in lighting power through tube light modification in assembly and by introducing dome light in sales warehouse;
- (vii) Introduction of energy efficient motors for cooling tower;
- (viii) Addition of Variable Frequency Drives (VFD) with a/c unit in 660T range of PDC machines, Scrubber motor, 800T machines, 500T and 650T Zitai machines, twin cavity LPDC machines and screw compressors;

- (ix) Other energy saving devices such as thyristor controlled in holding furnaces, energy saving lamps, improved furnace lining materials to reduce radiation loss.

This will result in a saving of about Rs.1.03 crores per annum.

### B. TECHNOLOGY ABSORPTION

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

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

##### Existing activities:

- (a) Environmental friendly, energy efficient and reliable 230 cm<sup>3</sup> and 460 cm<sup>3</sup> compressors have been developed for launch in 2007-2008;
- (b) Double diaphragm spring brake actuators have been developed for disc brake applications;
- (c) Brake systems valves have been upgraded for export markets;
- (d) Clutch master cylinder and desiccant cartridge have been developed for export markets;
- (e) Products and processes were redesigned to reduce cost;
- (f) 33 Nos. Die cast products developed during 2006-2007.

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

- (a) Robust brake system that meets IS 11852:2000;
- (b) Environment friendly products;
- (c) Fuel saving;
- (d) Longer product life;
- (e) The innovating ideas generated, during the year, have enabled the company in filing applications for two patents under the Patents Act 1970;
- (f) Improved product quality by optimization of squeeze technology in HPDC; and
- (g) New die cast products developed for customers and new customers added for business development.

#### 3. Future plan of action:

- (a) Development and launch of following products
  - (i) Environment friendly high efficiency large compressors;
  - (ii) E6 dual brake valve for North American OEMs;
  - (iii) ABS for air braked vehicles;
  - (iv) Double diaphragm spring brake actuators; and
  - (v) Clutch servo.
- (b) Development of ABS for hydraulically braked commercial vehicles;
- (c) Re-engineering of products to enhance performance life, reliability

and ease of use by customer. By applying state-of-the art technologies, the above will be achieved at a lower cost;

- (d) R&D efforts will also be directed to develop products for export markets;
- (e) Identified mechanisms for corrosion in aluminium die cast components during processing and its elimination;
- (f) Development of best practices for recycling aluminum in-house scrap;
- (g) Development of metal matrix composite and incorporating the technology to produce components with better mechanical properties in 'as cast' condition;
- (h) Development of semi-solid processing and squeeze casting to produce high integrity castings; and
- (i) Optimization of micro alloying of aluminium alloys to enhance properties.

4. Expenditure on R & D:	Rs. in crores
Capital expenditure	3.21
Recurring expenditure (including salaries)	12.88
	16.09
Total expenditure as percentage of turnover	1.86%

**Technology absorption, adaptation and innovation:**

**(a) Efforts in brief:**

1. Continued efforts in evolving design rules from technology development projects to reduce development lead time;
2. Utilizing the services of eminent consultants to improve efficiency in product development;
3. Development of brake system engineering standards to achieve global standards of braking performance in vehicles;
4. Development of new seal and materials operate at higher range of temperatures.

**(b) Benefits derived as a result of the above efforts:**

1. Developed innovative products to improve competitive position in the market;
2. Reduced lead time for product development;
3. Better quality product at a lower cost; and
4. Introduced new products that would improve braking efficiency and system reliability;

**(c) Details relating to imported technology: (Technology imported during the last 5 years reckoned from the beginning of the financial year).**

Nil

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

**EXPORT ACTIVITIES:**

Exports during the year ended 31<sup>st</sup> March 2007 amounted to Rs.145.72 crores as against Rs.90.95 crores for the year ended 31<sup>st</sup> March 2006.

**Total foreign exchange used and earned:**

- |                            |                   |
|----------------------------|-------------------|
| a) Foreign exchange used   | Rs. 236.67 crores |
| b) Foreign exchange earned | Rs. 145.72 crores |

Chennai  
10<sup>th</sup> August 2007

For and on behalf of the board

SURESH KRISHNA  
Chairman

## Management Discussion and Analysis Report

During the year under review, Sundaram-Clayton Limited (SCL), the pioneer in the automotive air brake actuation systems in India and a leading supplier of aluminium castings to major automotive OEMs across the globe, recorded an impressive performance.

The Company achieved record sales of Rs. 865 crores during 2006-07 as against Rs. 675 crores in 2005-06, registering a growth of 28%. Profit before tax improved to Rs.128 crores from Rs.106 crores in the previous year, representing an increase of 21%.

### I. Industry Structure and Development:

The Indian economy continued to record a good overall performance during 2006-07. GDP registered a 9.4% increase, facilitated by 10.9% improvement in industrial production, 2.7% in agriculture and 11% growth in the services sector.

This growth of the Indian economy has favoured all categories of the Indian automotive industry to register higher growth rates during the year 2006-07. The following table highlights the industry production figures in vehicle units.

Category	2006-07	2005-06	growth
Medium and Heavy Commercial vehicles	<b>294,266</b>	219,295	34%
Light Commercial vehicles	<b>225,734</b>	171,788	31%
Passenger Vehicles	<b>1,544,850</b>	1,309,300	18%
Three wheelers	<b>556,124</b>	434,423	28%
Two wheelers	<b>8,444,168</b>	7,608,697	11%

(Source: SIAM)

The development of road infrastructure is a key factor that influences the growth of the Indian commercial vehicle industry. The various projects initiated by National Highway Authority of India (NHAI) are progressing in line with the plan and following is the status of various projects as on 31<sup>st</sup> March 2007:

	Total length (in Km)	Completed	Under implementation	Balance to be awarded
Golden Quadrilateral	5846	95%	5%	—
North-South, East-West Corridor	7300	15%	71%	14%
NHDP Phase III A	4000	1%	44%	56%
NHDP Phase V	6500	0%	2%	98%
Port Connectivity & others	380	39%	55%	6%
Others	945	30%	68%	2%
Total NHDP	24971	29%	33%	38%

(Source : NHAI)

Besides growth in the Indian economy, the implementation of Supreme Court's ban on overloading of vehicles and the export growth of commercial vehicles (22%) have helped the commercial vehicle industry to register a high growth rate.

The shift towards higher tonnage vehicles, which favour better operating economy for the fleet operators, was more visible during the year. The sales of higher tonnage vehicles such as multi-axle and tractor-trailer grew by 64% and 105%, much higher than the industry growth rate of 34%.

The growth in compact segment and the launch of new models in all segments resulted in the sales growth in the domestic car market. India is emerging as one of the preferred centres of small car manufacturing in the world, which drives export-led manufacturing.

During the first half of 2006-07, the motorcycle industry saw sales soaring by 21% over the corresponding period of last year. However, there was a dramatic slowdown during the second half with growth decelerating to 13% and 5% respectively in the third and fourth quarters due to increased inflationary pressure and rise in interest rates. For the full year, the motorcycles registered a 15% growth. un-gearred scooters registered an increase of 10% and mopeds continued at 4%.

With Indian companies gaining the recognition as manufacturers of high quality automotive components in the international market, the component industry has recorded a healthy growth through a combination of increased domestic and exports sales. This trend is likely to continue as the economy grows further and vehicle manufacturers increase their production. Exports will also grow, driven by the urge of international manufacturers to source from low cost countries. This trend will continue to benefit the Company's businesses.

### II. Business outlook and overview

In 2007-08, the GDP is projected to grow at 8.2% with a growth of 6% in per capita income. However, the increased interest rates and inflationary pressures are likely to adversely impact the buying behaviour of the consumers leading to reduction in demand. This trend is expected to continue, at least till the first half of 2007-08.



This subdued outlook of the economy will impact the automotive sector, which will see a slowdown in growth rates in 2007-08 when compared to the high growth rates registered in the past few years. Medium and heavy commercial vehicle (M&HCV) industry is likely to decline by 15% in the year 2007-08. The motorcycle industry is expected to grow at a marginal rate of 2%. Also there is a likelihood of the motorcycle industry declining by 7% due to the lower disbursement of loans by retail financiers and high trade stock levels. Ungearing scooters segment will see a growth of around 13% due to a higher number of product launches and greater availability. Mopeds are expected to grow steadily at 5%. Passenger cars are expected to grow by about 10% over the previous year.

The US truck market is seeing a transition from the US04 emission regulations to the US07 emission regulations issued by the Environmental Protection Agency (EPA) during the year. To beat the change in regulation norms, customers resorted to pre-buy during the year 2006-07. Consequently sales of Class 8 trucks in the US market are projected to decline by 40% during 2007-08. European heavy truck sales are expected to grow by 3%.

### III. Opportunities & Threats

The Company caters to the requirements of commercial vehicle, passenger car and two wheeler segments of the automotive industry and also to the diesel engine segment.

With improved road infrastructure, the demand for faster vehicles that carry higher payloads is increasing. To ensure road safety, Government of India had introduced regulation for mandatory fitment of anti-lock braking systems (ABS) for commercial vehicles carrying hazardous goods from October 2006. The government plans to extend such regulation for other categories of commercial vehicles during 2007.

ABS is expected to become mandatory for tractor-trailers and buses with national permit, which are manufactured on or after 1<sup>st</sup> October 2007. The Company has done extensive application engineering for the above category of vehicles and has offered total solution to the domestic OEMs. This regulation will further improve Company's sales opportunity. The company has made its test track facility available for government agencies for certification testing, which is the only test track of its kind available in the country today.

Product development and component manufacturing are being undertaken to cater to the global requirement of our collaborators. This is expected to bring in additional sales opportunities for the Company.

The Company has commissioned 106 authorized service centers at strategic locations across the country, to provide quicker and better service on air brake aggregates. Further, to improve availability of quality service in rural areas, the Company has commissioned 53 certified workshops during the year 2006-07. These initiatives would result in improved service practices, availability of genuine parts and generate additional revenue for the Company.

The projected growth of the domestic car industry and the ambitious export programme of OEMs are likely to benefit the Company's aluminum casting

business. New orders that have been received from existing domestic customers will be met during 2007-08, thus increasing the sales.

The sale of Class 8 trucks in North American market is expected to improve during the second half of the year. Ramping-up of new products developed for the US07 regulations and new orders received from international customers will enhance the growth of aluminium castings business.

The Company's competitors, Knorr-Bremse Systems for Commercial Vehicles India Private Limited, (a joint venture of Tata Auto Components (TACO) and Knorr-Bremse AG), commenced their operations from their new plant in Pune in 2005 and has started regular supplies to Tata Motors. This development has led to reduction in the Company's share of business from Tata Motors and will impact the top line growth of the Company. However, the regulations for mandatory fitment of ABS, product development and component exports to the collaborator are likely to improve the Company's sales performance.

With the increasing opportunities for exporting aluminum castings from India, many captive Indian die casting units and new manufacturers are setting up facilities to enter into this market. This could result in increased competition for export of castings in the future.

The import of components from China will be a threat to the Indian auto component industry. The OEM customers across the world would continue their pressure on price reduction from their suppliers. The increase in the cost of raw materials such as steel and aluminium may not be fully compensated by the OEM customers and these might affect the Company's profit performance.

### IV. Risks and concerns

The cyclical nature of the Indian commercial vehicle industry (Company's major customer segment) might affect the demand. To control inflation, the Government has initiated actions to control money supply such as hiking Cash Reserve Ratio (CRR) through RBI. It is expected that money supply to industry could become a constraint and in case of need, borrowers may have to pay higher rate of interest to avail of bank credit. Restriction in money supply is likely to cause lower off take of two wheelers and four wheelers. The rising crude oil prices will further impact the profitability of the fleet operators and hence the demand for commercial vehicles might be affected. These factors will affect the company's domestic sales. The fluctuations in the prices of aluminium and crude oil will increase the manufacturing cost of die casting components.

Also, the increase in raw material cost for the brake system aggregates might not be fully compensated by the customer. The Company plans to mitigate this risk through cost reduction initiatives such as value engineering and global sourcing.

The Company follows a de-risked business model for the export market by widening the customer base. The Indian rupee is appreciating to unprecedented levels in recent times. The rupee has appreciated nearly 11% against the dollar in the past six months, and approximately 5.6% against

the pound and about 5.07% against the euro. The losses, if any, in exports due to rupee appreciation is partly offset by gains on the import of the raw material such as aluminium. However, the continued hardening of the Indian Rupee will affect the Company's competitiveness in the export market and profit performance. As the Company predominantly imports their raw material viz., virgin aluminum/ aluminum alloys, appreciating rupee would result in aluminum imports becoming cheaper. The benefit of lower cost of imported aluminum, shall have to be passed to the company's domestic customers as price reduction, which would affect the top line of the company.

Delays in launch of new products at the customer-end might lead to short-term excess capacities, resulting in lower utilization levels. The die casting business being capital intensive, enough care is taken to protect the Company's interests in case of delays and drastic changes in the new product design at the customer-end.

#### **V. Internal control system and their adequacy**

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded and reported correctly. The internal controls are supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures. The status of the observations made during the internal audit is reviewed by the Audit committee of the Board of Directors and concerns if any are reported to the Board.

#### **VI. Operations review**

##### **A. Manufacturing**

The Company's manufacturing facilities follow the best practices such as TQM, TPM and Lean manufacturing and has best-in-class practices for safety, work environment, water and energy conservation.

Continuous improvement actions are implemented to improve manufacturing quality and productivity in all the manufacturing locations.

To avail of tax benefit for exports, the Company has commenced construction of a new manufacturing plant in the Special Economic Zone (SEZ) in Mahindra City in Chennai.

To meet the challenges of emerging competition and to serve the customers better, the company proposes to have manufacturing facilities nearer to major customers' plants.

##### **B. Quality**

The quality system at the factory aims at achieving total customer satisfaction through its focus on improving product quality to World Standards. This is achieved through total employee involvement and continuous improvement culture. Rigorous usage of poka-yokes, utilization of statistical tools for process optimization and control also contribute towards improving the product quality.

The standardization of the quality procedures is aligned with QS 9000/ TS 16949 requirements. Both the divisions are certified for TS 16949.

Total Quality Management (TQM) is a way of life at SCL. 100% participation in employee involvement has been successful for the past 8 years.

Employees have completed more than 479 projects by applying statistical tools through QC Circles in 2006-07. The average number of suggestions implemented per employee in 2006-07 is 39.

##### **C. Cost management**

The Company continues its rigorous focus on its costs through an effective cost deployment system. Value engineering and global sourcing projects are being pursued for cost reduction and also to insulate from cost escalation. TPM and Lean manufacturing initiatives are deployed company-wide to achieve significant improvement in productivity and reduction in manufacturing cost.

##### **D. Information Technology**

The Company uses ERP system that integrates all business processes across the Company as well dealers and suppliers. During the year, the Company has focused on further consolidation of ERP system. Most of the business transactions between the Company, suppliers and dealers are done through ERP.

During 2006-07, the Company integrated the payroll and the human resource functions into the ERP system. This facilitates integration of human resource development activities such as recruitment, training, appraisal and processing of payroll for the employees. This new initiative has helped the Company to eliminate non-value adding activities in the above mentioned business processes and improve the efficiency of the people.

The Company, during the year, further strengthened the information security by initiating the actions for the external security audit of IT system, conducted by an external agency.

#### **VII. Human Resource Development**

The Company focuses on attracting the best talent and enjoys a good brand image across leading educational institutions and job seekers. The Company blends successfully mid career recruitment with internally grown talent.

A reward and recognition system is in place to provide fast track growth for high potential employees. Career development workshops are undertaken to identify such high potential.

Executives are sponsored to overseas and inland universities for developing their capabilities to handle new technologies and management practices. Customised management development programs have been developed with reputed educational institutions to hone the leadership skills of the senior executives.



People are encouraged to take up higher responsibilities and stretch assignments from the very early stages of their career. Periodic job rotations help the employees to get a broad perspective to assume leadership roles in future.

The Company continues to maintain its impeccable record on industrial relations.

As of 31st March 2007, the Company had 1612 employees on its rolls.

### VIII. Environment & Safety

Safety management is integrated with the overall Environment, Health and Safety (EHS) management system. Both the sites of the die casting division have been certified for OHSAS 18001 systems.

The Company is committed to energy conservation. During the year the following key energy conservation projects have been implemented:

- Timer controls for various air handling systems.
- Optimizing air pressure setting.
- Power factor improvement.
- Introduction of Variable Frequency Drives (VFD) for motors.
- Use of energy efficient lighting systems

### IX. Community development and social responsibility

As a corporate citizen, the Company believes in its social responsibility and has involved itself in several community development activities. With the Company's active support, 'Self-help groups' have been active in villages and various programmes have been undertaken towards economic development of people living below the poverty line. The Company also conducts literacy programs, medical camps, health check up programs and nutrition program for primary school children and adults periodically.

### X. Financial / operational performance

The financial and operational performance for the year 2006-2007 as compared to the previous year is furnished in the following table.

Particulars	Year ended 31st March 2007		Year ended 31st March 2006	
	Rs. in crores	%	Rs. in crores	%
Sales	816.19	94.4	629.27	93.3
Other income	48.62	5.6	45.33	6.7
<b>Total income</b>	<b>864.81</b>	<b>100.0</b>	<b>674.60</b>	<b>100.0</b>
Raw materials consumed	430.97	49.8	306.98	45.5
Traded goods consumed	1.80	0.2	2.09	0.3
Staff cost	87.42	10.1	73.86	10.9
Stores and tools consumed	42.05	4.9	37.20	5.5
Power and fuel	26.29	3.0	24.77	3.7
Repairs and maintenance	21.22	2.5	21.05	3.1
Other expenses	78.95	9.1	67.54	10.0
Interest - net	15.24	1.8	7.89	1.2
Depreciation	32.79	3.8	26.90	4.0
<b>Total expenditure</b>	<b>736.73</b>	<b>85.2</b>	<b>568.28</b>	<b>84.2</b>
Profit before tax	128.08	14.8	106.32	15.8
Provision for taxation				
Current tax	32.00	3.7	28.82	4.3
Fringe benefit tax	0.97	0.1	1.03	0.2
Deferred tax	3.95	0.5	2.00	0.3
Profit after tax	91.16	10.5	74.47	11.0

### XI. 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, among others, economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.



## Report on Corporate Governance

The company believes in transparency, professionalism and accountability, which are the basic principles of Corporate Governance. The company would constantly endeavour to improve on these aspects.

### 2. Board of directors

#### i. Composition and category of directors:

As of 31<sup>st</sup> March 2007, the board consists of twelve directors. All the directors except managing director and joint managing director are non-executive directors.

Out of the ten non-executive directors, five directors viz., M/s Suresh Krishna, K Mahesh, D E Udawadia, D D Udeshi and Vice Admiral P J Jacob (Retd) are independent directors.

Chairman is a non-executive director. The number of independent directors is more than one third of its total strength. Thus, the company meets with the requirements of composition of the board as per the Listing Agreement.

#### ii. Particulars of meetings of the board of directors held during the year:

During the year 2006-2007, the board met 5 times on 21<sup>st</sup> April 2006, 31<sup>st</sup> July 2006, 30<sup>th</sup> October 2006, 29<sup>th</sup> January 2007 and 21<sup>st</sup> March 2007.

#### iii. Particulars of attendance of directors at the board meetings held during the financial year 2006-2007 and at the last annual general meeting, number of directorships and committee chairmanships / memberships held by the directors in all companies as per declaration furnished by them are given in the table below:

Name M/s	Category	Attendance particulars		Number of directorships and committee memberships / chairmanships		
		Board meeting	Last AGM	Other directorships*	Committee memberships **	Committee chairmanships
Suresh Krishna	C-(NE-I)	5	Yes	9	5	2
Venu Srinivasan	MD	5	Yes	15	4	2
Gopal Srinivasan	JMD	5	Yes	14	2	-
K Mahesh	NE-I	3	Yes	6	2	-
T K Balaji	NE-NI	4	Yes	14	6	1
D E Udawadia	NE-I	3	No	20	10	-
D D Udeshi	NE-I	4	No	7	1	-
Vice Admiral P J Jacob (Retd)	NE-I	4	Yes	1	1	1
Dr Christian Wiehen	ND	2	No	2	-	-
Nikhil Madhukar Varty	ND	-	No	-	-	-
Leon Liu	ND	-	No	4	-	-
Pascale F.Rahman	ND	-	No	9	-	-
Ryna Karani (resigned as alternate director w.e.f 31 <sup>st</sup> October 2006)	AD	1	No	1	-	-
K S Shah (appointed as alternate director to Mr Leon Liu w.e.f from 29 <sup>th</sup> January 2007)	AD	1	-	3	2	1

- \* includes private companies.
- \*\* including committees where the director is also chairman.
- C : Chairman
- MD : Managing director
- JMD : Joint managing director
- NE-I : Non executive – Independent director
- NE-NI : Non executive – Non independent director
- ND : Nominee director (Nominated by the collaborators)
- AD : Alternate director

None of the directors is a member in more than 10 board level committees or chairman of more than 5 such committees as required under clause 49 of the Listing Agreement.

#### iv. Access to information and updation to directors:

The required information as enumerated in Annexure 1A to Clause 49 of the Listing Agreement is made available to the board of directors for discussions and consideration at board meetings. The board also reviews the declaration made by the managing director and the secretary of the company regarding compliance with all applicable laws on a quarterly basis.

Functional heads are present whenever necessary. They apprise all the directors about the developments and made presentations to the members of board and the audit committee at meetings. Apart from this, the observations of audit carried out by the internal auditors and the details of payment of statutory liabilities submitted by the statutory auditors of the company are placed and discussed with functional heads.

#### v. Code of Business Conduct and Ethics for members of the board and senior management:

The company has in place a Code of Conduct for Business and Ethics (The Code) for members of the board and senior management of the company. The Code has also been displayed on the company's website [www.sundaramclayton.com](http://www.sundaramclayton.com). All the members of the board and senior management of the company have confirmed compliance with the code for the year ended 31<sup>st</sup> March 2007. The annual report contains a declaration to this effect signed by the managing director and the secretary of the company who is the compliance officer of the Code.

vi. In terms of clause 49 (IV)(G) of the Listing Agreement with the stock exchanges, a brief resume of directors, proposed to be re-appointed, nature of their expertise in specific functional areas, their other directorships and committee memberships and their shareholdings are provided in the notice convening 45<sup>th</sup> annual general meeting of the company.

### 3. Audit Committee

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

The terms of reference stipulated by the board of directors to the audit committee are as contained in clause 49 of the listing agreement and section 292A of the Companies Act, 1956. The role and responsibilities of the Audit Committee include, *inter alia*,

- a. Overseeing of the company's financial reporting process and the disclosure of its financial information.
- b. Reviewing with the management quarterly and annual financial statements before submission to the board for approval with particular reference to the matters specified in the Listing Agreement.
- c. Reviewing the related party transactions.
- d. Reviewing the reports of Internal Auditors and ensuring that adequate follow up action is taken by the management on observations and recommendations made by the internal auditors.
- e. Recommending to the board the appointment / re-appointment / replacement of the statutory auditors and the audit fees payable and fees paid for other services rendered by the statutory auditors.
- f. Reviewing with the management, the performance of statutory and internal auditors.
- g. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- h. Reviewing the adequacy of internal audit functions and systems, structure, reporting process, audit coverage and frequency of internal audit.
- i. Discussion with external auditors regarding audit plan as well as post-audit discussion to ascertain any area of concern.
- j. Ascertainment of reasons for substantial defaults in the payment in case of non-payment of declared dividends and creditors.
- k. Review of management discussion/analysis of financial conditions and results of operations and other matters specified under clause 49 of the Listing Agreement.
- l. Review of financial statements, in particular the investments made by the unlisted subsidiaries.
- m. In addition, review of such other functions as envisaged under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchanges.



**ii. Composition, name of members and the chairman:**

As of 31<sup>st</sup> March 2007, the audit committee consists of the following independent and non-independent directors:

Name of the directors (M/s)	Status
Vice Admiral P J Jacob	Independent director
D E Udwardia	Independent director
D D Udeshi	Independent director
T K Balaji	Non-independent director

Vice Admiral Mr P J Jacob, independent director, is the Chairman of the Audit Committee. Mr S Muralidharan, secretary of the company acts as the secretary of the Audit Committee. Chairman of the Audit Committee was present at the annual general meeting held on 27<sup>th</sup> September 2006.

The board appointed Mr. K S Shah, independent and alternate director, as a member of the Audit Committee effective 24<sup>th</sup> July 2007 in the place of Mr. D D Udeshi who resigned as a member of the Audit Committee effective 23<sup>rd</sup> July 2007.

**iii. Meetings and attendance during the year:**

Date of the meeting	Members present (M/s)
21 <sup>st</sup> April 2006	D E Udwardia and D D Udeshi
31 <sup>st</sup> July 2006	Vice Admiral P J Jacob, D E Udwardia and D D Udeshi
19 <sup>th</sup> October 2006	Vice Admiral P J Jacob and D D Udeshi
29 <sup>th</sup> January 2007	Vice Admiral P J Jacob, D E Udwardia, D D Udeshi and T K Balaji

**4. Disclosures**

- i Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large;
- ii The transactions with the related parties, namely its promoters, its subsidiaries and associate companies of routine nature have been reported elsewhere in the annual report as per the Accounting Standard (AS 18) issued by the Institute of Chartered Accountants of India.

The Audit Committee is briefed, *inter alia*, on the following aspects (i) the related party transactions undertaken by the company in the ordinary course of business (summary), (ii) material individual transactions, if any, which were not in the normal course of business and (iii) material individual transactions, if any, with related parties or others, which were not at arm's length basis.

- iii. The members of senior management 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.

- iv. Details of non compliance by the company, penalties, strictures imposed on the company by stock exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.

During the year under review, there was no penalty or stricture imposed on the company by stock exchanges or SEBI or any statutory authority on any matter related to capital markets.

However, as reported in the last year, the following statement is given for the third and final year.

Securities and Exchange Board of India (SEBI) vide its letter No.CFD/DCR/RC/TO/23040/04 dated 16<sup>th</sup> November 2004 alleged that the company violated the provisions of regulation 8 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (the said Regulations). It was alleged in the said notice that the company did not file its disclosure as required under regulation 8(3) of the said Regulations furnishing particulars of changes, if any, in respect of the holdings of promoters or persons having control over the company and persons acting in concert and by persons holding shares in excess of 15% of the paid up capital of the company as on the record date fixed for declaration of dividend on 3<sup>rd</sup> May 2000 and 26<sup>th</sup> September 2001.

In the said letter, SEBI also gave an option that it might consider the company's request for a consent order, upon payment of an amount of Rs.50,000/- as penalty for the aforesaid violation.

The company contended that it did not violate the provisions of regulations 8(3) of the said regulation on the ground that:

1. the payment of interim dividend approved by the board of directors and the fixation of record date as on 3<sup>rd</sup> May 2000 for this purpose did not fall within the scope of the said regulation as it did not amount to declaration of dividend in terms of the Companies Act, 1956, as the law stood at that date;
2. in respect of the record date fixed on 26<sup>th</sup> September 2001, there were no changes in the shareholding of the persons, referred to in the said communication and the regulation requires a declaration to be filed only when there is a change in the shareholdings of persons, referred to, in the said regulation.

However, the company, without prejudice to its stand taken has also given its consent to pay Rs.50,000/- as penalty under section 15A of the Securities and Exchange Board of India Act, 1992 vide its letter No.01/01/C/07 dated 24<sup>th</sup> December 2004.

- v. The company follows Accounting Standards issued by the Institute of Chartered Accountants of India/Company (Accounting Standards) Rules, 2006 and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any Accounting Standard.
- vi. The Managing Director (CEO) and Senior Vice-President (Finance) (CFO) of the Company have certified to the board on financial statements and other matters in accordance with clause 49 (V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31<sup>st</sup> March 2007.

vii. The company has complied with all applicable mandatory requirements in terms of clause 49 of the Listing Agreement. 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. Remuneration to directors**

**i. Remuneration Committee:**

The board has not set up a remuneration committee, as the need for the same has not arisen. The remuneration to managing directors is decided by the board of directors subject to the approval of the shareholders.

**ii. Non executive directors' compensation and disclosures:**

The non-executive directors do not draw any remuneration from the company other than sitting fees for attending each meeting of the board and committees thereof. The company pays sitting fees of Rs.7,500/- to all the non-executive directors for attending each meeting of the board and/ or committee thereof which is within the limits prescribed under the Companies Act, 1956.

**iii. Particulars of sitting fees paid to non-executive directors during the financial year 2006-2007:**

Name of the non-executive directors M/s.	Sitting fee (Rs.)
Suresh Krishna	67,500
K Mahesh	37,500
T K Balaji	1,20,000
D E Udawadia	45,000
D D Udeshi	60,000
Vice Admiral P J Jacob (Retd)	45,000
Christian Wiehen	15,000
Ryna Karani	7,500
K S Shah	7,500

**iv. Details of shareholdings of non-executive directors in the company as on 31<sup>st</sup> March 2007:**

Name of the non-executive directors M/s.	No. of shares held (face value of Rs.10/- each)
Suresh Krishna	1,532
K Mahesh	243
T K Balaji	Nil
D E Udawadia	Nil
D D Udeshi	Nil

Name of the non-executive directors M/s.	No. of shares held (face value of Rs.10/- each)
Vice Admiral P.J. Jacob (retd.)	Nil
Dr Christian Wiehen	Nil
Nikhil Madhukar Varty	Nil
Leon Liu	Nil
Pascale F.Rahman	Nil
Ryana Karani	Nil
K S Shah	Nil

There are no other particular pecuniary relationships or transactions of the non-executive directors' vis-à-vis of the Company.

**v. Details of remuneration to managing directors:**

a. Mr Venu Srinivasan was re-appointed as managing director for a period of five years effective 23<sup>rd</sup> May 2004 on a remuneration consisting only salary and other perquisites in terms of the agreement entered into between him and the company on 30<sup>th</sup> April, 2004. The shareholders at the general meeting held on 17<sup>th</sup> September 2004 approved the reappointment and the remuneration.

b. Mr Gopal Srinivasan was re-appointed as joint managing director for a period of five years effective 1<sup>st</sup> December 2006 on a remuneration consisting salary, commission and other perquisites in terms of the agreement entered into between him and the company on 27<sup>th</sup> September 2006. The shareholders at the general meeting held on 27<sup>th</sup> September 2006 approved the re-appointment and the remuneration.

c. Mr Venu Srinivasan, managing director and Mr Gopal Srinivasan, joint managing director are being paid remuneration within the limits stipulated by Schedule XIII to the Companies Act, 1956. Mr Gopal Srinivasan is also paid commission not exceeding 2% of the net profits of the company as fixed by the board.

**vi. Particulars of remuneration paid to managing directors during the financial year 2006-2007:**

(Rs. in lakhs)

Name of the Managing Directors M/s.	Salary	Contribution to PF and other funds	Perqui- sites	Commi- ssion on profits	Total
Venu Srinivasan	18.00	5.61	4.77	-	28.38
Gopal Srinivasan	18.00	5.61	7.74	197.12	228.47

vii. Presently, the company does not have a scheme for grant of any stock option either to the executive directors or employees.

**6. Investors' grievance committee**

i. The investors' grievance committee consists of four members, viz., M/s Suresh Krishna, non-executive chairman of the board,

Mr Venu Srinivasan, managing director, Mr K Mahesh and Mr T K Balaji, directors of the Company. Mr Suresh Krishna, is the Chairman of the Committee. The Committee met 5 times during the year.

ii. As required by Securities and Exchange Board of India (SEBI), Mr S Muralidharan, secretary of the company has been appointed as the compliance officer. For any clarification/complaint, the shareholders may contact Mr S Muralidharan, secretary of the company.

iii. The committee oversees and reviews all matters connected with share transfers, issue of duplicate share certificates, etc. The committee also looks into the redressal of investors' grievances pertaining to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc. The company, as a matter of policy, disposes investor complaints within a span of seven days.

iv. **Complaints received and redressed during the year 2006-2007:**

Nature of complaint	No. of complaints
Non receipt of share certificates	8
Non receipt of dividend warrants	7
Other complaints	2
<b>Total</b>	<b>17</b>

v. All the complaints were resolved as on 31<sup>st</sup> March 2007. There was no investor complaint pending.

All requests for dematerialization of shares were carried out within the stipulated time period and no share certificate was pending for dematerialization as on 31<sup>st</sup> March 2007.

### 7. General body meeting:

i. **Location and time where the annual general meetings were held during the last three years:**

Year	Location	Date	Time
2003-2004	The Music Academy, New No.168, T T K Road (Mowbrays Road), Chennai 600 014	17.09.2004	10.15 A.M
2004-2005	The Music Academy, New No.168, T T K Road (Mowbrays Road), Chennai 600 014	29.09.2005	10.15 A.M
2005-2006	The Music Academy, New No.168, T T K Road (Mowbrays Road), Chennai 600 014	27.09.2006	10.15 A.M

ii. **Special resolutions passed in the previous 3 AGMs:**

During the last three years, namely 2003-2004 to 2005-2006, approval of the shareholders were obtained by passing special resolutions as follows:

Year	Subject matter of special resolution	Date of AGM
2003- 2004	Shareholders of the company approved by way of a special resolution/keeping the register of members and index of members and other documents at a place other than the registered office of the company, namely at the Share Transfer Department No.31 Railway Colony III Street, Mehta Nagar, Chennai 600 029	17.09.2004
2004- 2005	Nil	29.09.2005
2005- 2006	Nil	27.09.2006

iii. **Special resolutions passed last year through Postal Ballot:**

- a. None of the subjects placed before the shareholders in the last annual general meeting required approval by a postal ballot in terms of Section 192A of the Companies Act, 1956 and the Companies (Passing of Resolution by Postal Ballot) Rules 2001.
- b. None of the subjects placed before the shareholders of the company in the ensuing annual general meeting require approval of shareholder by a postal ballot.

### 8. Means of communication

i. **Quarterly results:**

The unaudited quarterly financial results of the company were published in the English and vernacular newspapers. These are not sent individually to the shareholders.

ii. **Newspapers wherein results normally published:**

The results are normally being published in the English newspapers, namely "The Hindu" and "The Economic Times" and the Tamil version in a Tamil daily viz., "Dinamani".

iii. **Website:**

The company has created a web site addressed as [www.sundaramclayton.com](http://www.sundaramclayton.com). As required under clause 51 of the listing Agreement pertaining to electronic data information filing and retrieval (EDIFAR), the unaudited results and the quarterly distribution schedules as filed with the stock exchanges are uploaded in SEBI-EDIFAR website. These details are also published in the company's web site. The company makes use of its website for publishing official news release and presentations, if any, made to institutional investors / analysts.

iv. **Management Discussion And Analysis Report:**

As required by Clause 49 of the Listing Agreement, the management discussion and analysis report is annexed to the annual report.



## 9. General shareholder information

### i. Annual general meeting:

Date and time : Wednesday, the 3<sup>rd</sup> October, 2007  
at 10.30 a.m

Venue : The Music Academy, New no 168  
(Old No.306), T T K Road  
(Mowbrays Road), Chennai 600 014

### ii. Financial year : 1st April to 31st March

#### Financial calendar 2007-08 (Tentative):

#### Financial reporting for the quarter ending

: **Financial calendar**

30<sup>th</sup> June 2007 : 13<sup>th</sup> July 2007

30<sup>th</sup> September 2007 : between 15<sup>th</sup> to 31<sup>st</sup> of October 2007

31<sup>st</sup> December 2007 : between 15<sup>th</sup> to 31<sup>st</sup> of January 2008

31<sup>st</sup> March 2008 : between 15<sup>th</sup> to 30<sup>th</sup> of April 2008

Annual general meeting : September 2008

### iii. Date of book closure : 28<sup>th</sup> September, 2007 to 3<sup>rd</sup> October, 2007 (both days inclusive)

### iv. Particulars of dividend payment :

Details	First interim dividend	Second interim dividend
Date of declaration	30 <sup>th</sup> October 2006	21 <sup>st</sup> March 2007
Rate of dividend	70%	80%
Record date	6 <sup>th</sup> November 2006	26 <sup>th</sup> March 2007
Date of payment of dividend	10 <sup>th</sup> November 2006	29 <sup>th</sup> March 2007
Amount of dividend paid	Rs.13.28 crores	Rs.15.17 crores
Share capital	1,89,67,584 equity shares of Rs.10/- each fully paid up	1,89,67,584 equity shares of Rs.10/- each fully paid up

The board of directors have recommended a final dividend of Rs.2/- per share for the year 2006-2007, absorbing a sum of Rs.3.80 crores, for approval of the shareholders in the ensuing annual general meeting.

### v. Listing on Stock Exchanges:

Name of the stock exchange	Stock code
Madras Stock Exchange Ltd. (MSE)	-
Bombay Stock Exchange Ltd. (BSE)	520056
The National Stock Exchange of India Ltd. (NSE)	SUNDRMCLAY
<b>ISIN allotted by depositories</b> (Company ID Number)	<b>INE 105A01019</b>

(Note : Annual listing fees for the year 2007-2008 have been duly paid to the above stock exchanges)

### vi. Market Price Data: High, Low, during each month in the last financial year:

Month	Bombay Stock Exchange Limited (BSE) (in Rs.)		National Stock Exchange of India Ltd. (NSE) (in Rs.)	
	Month's high price	Month's low price	Month's high price	Month's low price
April 2006	1,200	975	1,195	970
May 2006	1,373	1,012	1,440	1,050
June 2006	1,169	779	1,209	790
July 2006	938	829	955	804
August 2006	1,052	886	1,055	890
September 2006	1,220	998	1,230	1,000
October 2006	1,290	1,155	1,294	1,168
November 2006	1,310	1,140	1,267	1,149
December 2006	1,410	1,100	1,400	1,095
January 2007	1,400	1,225	1,440	1,170
February 2007	1,380	1,096	1,295	1,057
March 2007	1,130	922	1,170	928

### vii. Share price performance in comparison to broad based indices- BSE Sensex and NSE Nifty:

#### a. Company's share price performance in comparison to BSE Sensex.

Period	Percentage change in	
	Company's share price (%)	Sensex (%)
2006-2007	+6.93	+15.89
2005-2006	+37.46	+73.73
2004-2005	+55.46	+16.14

#### b. Company's share price performance in comparison to NSE Nifty.

Period	Percentage change in	
	Company's share price (%)	Nifty (%)
2006-2007	+9.44	+11.60
2005-2006	+37.42	+67.17
2004-2005	+50.02	+14.89

### viii. Share Transfer Agents and share transfer system

- The company is registered itself with SEBI as Share Transfer Agent in Category II.
- All matters connected with the share transfer both physical and electronic, dividends and other matters are handled by the share transfer department of the company located at the address mentioned elsewhere in this report.
- Shares lodged for transfer are normally processed within 10 days from the date of lodgement, if the documents are clear in all respects. All requests for dematerialization of securities are processed and the





## Sundaram-Clayton Limited

confirmation is given to the depositories within 7 days. Grievances received from investors and other miscellaneous correspondence on change of address, mandates etc are processed by the share transfer department within 7 days.

- d. Pursuant to Clause 47(c) of the Listing Agreement with Stock Exchanges, certificates, on half-yearly basis, have been issued by a Company Secretary-in-practice for due compliance of share transfer formalities by the Company.
- e. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-practice for timely dematerialization of the shares of the Company and for conducting a secretarial audit on a quarterly basis for reconciliation of the share capital of the company.
- f. The company, as required under clause 47(f) of the Listing Agreement, has designated the following e-mail IDs, namely investorscomplaintssta.scl.co.in/ (share transfer department) sm.murali@scl.co.in (compliance officer) for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.
- g. The shareholders are requested to correspond with the share transfer department of the company at the address mentioned elsewhere in this report for any change of names and queries pertaining to the shareholding and dividends etc.

### ix. Shareholding pattern as on 31<sup>st</sup> March 2007:

Particulars	No. of shares held	% to total
Foreign collaborator	74,30,000	39.17
Indian promoters	77,44,064	40.83
Foreign institutional investors	85,776	0.45
NRI – Individuals	21,740	0.11
Public financial institutions	26,665	0.14
Mutual funds	14,21,443	7.50
Banks	357	-
Other companies	2,88,961	1.53
Public	19,48,578	10.27
<b>Total</b>	<b>1,89,67,584</b>	<b>100.00</b>

### x. Distribution of shareholding as on 31<sup>st</sup> March 2007

Shareholding (Range)	No. of shares	%	No. of members	%
Upto 500	14,13,766	7.45	15,948	97.77
501-1000	1,40,873	0.74	188	1.15
1001-2000	94,688	0.50	65	0.40
2001-5000	1,89,277	1.00	55	0.34
5001-10000	1,55,773	0.82	20	0.12
10001 & above	1,69,73,207	89.49	35	0.22
<b>Total</b>	<b>1,89,67,584</b>	<b>100.00</b>	<b>16,311</b>	<b>100.00</b>

### xi. Dematerialization of shares and liquidity

Out of 37,93,520 shares held by persons other than promoters, 32,84,672 shares have been dematerialised as on 31<sup>st</sup> March 2007 accounting for 86.58%.

- xii. The company has not issued any Global Depository Receipt / American Depository Receipt / Warrant or any convertible instrument.

### xiii. Plant locations : Chennai (Plant I)

Padi , Chennai 600 050  
Tel : 044 - 2625 8212  
Fax : 044 - 2625 7177  
E-mail : cn.prasad@scl.co.in

### Chennai (Plant II)

No.3 III Main Road  
South Phase Off Ambattur Industrial Estate  
Ambattur, Chennai 600 058  
Tel : 044 – 42242000/2623800  
Fax : 044 - 2623 8009  
E-mail : cn.prasad@scl.co.in

### Hosur

Hosur - Thally Road  
Belagondapalli  
Hosur 635 114  
Tel : 04347 – 233445 Extn: 1100  
Fax : 04347 – 233014

### Web site

www.sundaramclayton.com

### xiv. 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 and for any query on annual report  
(ii) for redressing their grievances, if any

Sundaram-Clayton Limited  
Share transfer department  
New No.22, Old No.31  
Railway Colony, 3<sup>rd</sup> Street  
Mehta Nagar, Chennai 600 029

Note : Applicable to all the shareholders irrespective of their mode of holding (physical or demat)

Tel : 044-2374 1889,  
: 044-2374 2939  
Fax : 044-2374 1889  
Email : kr.raman@scl.co.in

sclshares@gmail.com  
investorscomplaintssta.scl.co.in  
sm.murali@scl.co.in

### 10. Non-mandatory disclosure

The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below:

The Board:

No policy has been fixed on tenure of independent directors

Remuneration committee:

The board has not set up a remuneration committee, as the need for the same has not arisen.

**Shareholder rights:**

The half-yearly results of the company are published in English and vernacular newspapers and are also displayed on the company's web-site, namely [www.sundaramclayton.com](http://www.sundaramclayton.com) and in the official web-site of SEBI, namely [www.sebi-edifar.nic.in](http://www.sebi-edifar.nic.in). The results are not sent to the shareholders individually.

**Audit Qualifications:**

The statutory financial statements of the company are unqualified.

**Training of board members:**

The present board of directors consists of well-experienced and responsible members of society. All the directors are well aware of business model as well as the risk profile of the business parameters of the company and their responsibilities as directors. Hence, in the opinion of the board, they do not require any further training.

**Mechanism for evaluating non-executive directors:**

There is no specific mechanism for the reasons mentioned in the above clause.

**Whistle blower policy:**

The company has not adopted whistle blower policy. However, the company has not denied access to any personnel to approach the management on any issue.

**11. Request to investors**

- Investors holding shares in physical mode are requested to kindly note the following procedure:
  - Investors are requested to communicate bank details, the change of address, if any, directly to the share transfer department of the company located at the address mentioned above.
  - In case of loss / misplacement of share certificates, investors should immediately lodge a FIR / Compliant with the police and inform the company with original or certified copy of FIR / acknowledged copy of complaint for marking stop transfer of shares.
  - For expeditious transfer of shares, investors should fill in complete and correct particulars in the transfer deed, Wherever

applicable, registration number of Power of Attorney should also be quoted in the transfer deed at the appropriate place.

- Investors, whose signature has undergone any change over a period of time, are requested to lodge their new specimen signature duly attested by a bank manager to the shares department of the company.
- Investors of the company 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.
- Nomination in respect of shares – Section 109A of the Companies Act, 1956 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 interests of the shareholders holding shares in physical form registered as a sole holder to make such nominations. Investors, who have not availed nomination facility, are requested to avail the same by submitting the nomination form. This form will be made available on request. Investors holding shares in demat form are advised to contact their DP's for making nominations.
- As required by SEBI, investors may 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.
- Investors holding shares in electronic form are requested to deal only with their depository participants in respect of any change of address, nomination facility and furnishing bank account number etc.
- Investors, who have not encashed their dividend warrants in respect of dividend declared from the financial year ended 31<sup>st</sup> March 2001, are requested to contact the share transfer department of the company and surrender their warrants for payment.
- Investors are requested to note that the dividend, not claimed for a period of seven years from the date they become due for payment, shall be transferred to "Investor Education and Protection Fund" (IEPF) in terms of Section 205C of the Companies Act, 1956.



## Sundaram-Clayton Limited

- Information in respect of the unclaimed dividends due for remittance into IEPF is given below:

### PARTICULARS OF UNCLAIMED DIVIDEND

Financial year	Date of Declaration	Date of transfer to special account	Date of transfer to IEPF
2000-01	26.09.2001	01.11.2001	01.11.2008
2001-02(Interim)	07.06.2002	13.07.2002	13.07.2009
2002-03(1 <sup>st</sup> Interim)	25.10.2002	30.11.2002	30.11.2009
2002-03(2 <sup>nd</sup> Interim)	12.06.2003	18.07.2003	18.07.2010
2003-04(1 <sup>st</sup> Interim)	22.10.2003	27.11.2003	27.11.2010
2003-04(2 <sup>nd</sup> Interim)	30.04.2004	05.06.2004	05.06.2011
2004-05(1 <sup>st</sup> Interim)	27.10.2004	02.12.2004	02.12.2011
2004-05(2 <sup>nd</sup> Interim)	23.06.2005	29.07.2005	29.07.2012
2005-06(1 <sup>st</sup> Interim)	28.10.2005	03.12.2005	03.12.2012
2005-06(2 <sup>nd</sup> Interim)	21.04.2006	27.05.2006	27.05.2013
2006-07(1 <sup>st</sup> Interim)	30.10.2006	05.12.2006	05.12.2013
2006-07(2 <sup>nd</sup> Interim)	21.03.2007	26.04.2007	26.04.2014

Reminders are sent to Investors periodically advising them to encash the unclaimed dividends before transferring the unclaimed dividends to IEPF. Investors will be advised well in advance before transferring the unclaimed dividends to IEPF. Investors are requested to note that, as per the Companies Act, 1956, unclaimed dividends once transferred to IEPF will not be refunded.

### Declaration pursuant to Clause 49 of the listing agreement regarding adherence to the Code of Business Conduct and Ethics

To the Shareholders of the Company

On the basis of the written representations received from members of the board and senior management personnel in terms of the relevant provision of clause 49 of the Listing Agreement, we hereby certify 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 of directors for the year ended 31<sup>st</sup> March 2007.

S MURALIDHARAN  
Secretary

Chennai  
10<sup>th</sup> August 2007

venu srinivasan  
Managing Director

### Auditors' Certificate on compliance of the provisions of the Code of Corporate Governance in the Listing Agreement

To the shareholders of Sundaram-Clayton Limited, Chennai- 600 006

We have examined the compliance of conditions of corporate governance by Sundaram-Clayton Limited, Chennai 600 006 for the year ended 31<sup>st</sup> March 2007, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

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.

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 abovementioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Investors' Grievances Committee.

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 SUNDARAM & SRINIVASAN  
Chartered Accountants

M BALASUBRAMANIAM  
Partner  
Membership No.F7945

Chennai  
10<sup>th</sup> August 2007

### Auditors' report to the Shareholders

We have audited the attached balance sheet of M/s. Sundaram-Clayton Limited, Chennai 600 006 as at 31<sup>st</sup> March 2007, the profit and loss account and the cash flow statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 and amended by the Companies (Auditor's report) (Amendment) Order, 2004 issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the annexure referred to above, we state that –
  - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - (ii) in our opinion, proper books of account, as required by law, have been kept by the company so far as appears from our examination of those books;
  - (iii) the balance sheet, profit and loss account and cash flow statement, dealt with by this report, are in agreement with the books of account;

- (iv) in our opinion, the balance sheet, profit and loss account and the cash flow statement dealt with by this report comply with the accounting standards, referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) on the basis of written representations received from the directors, as on 31<sup>st</sup> March 2007 and taken on record by the board of directors, we report that no director is disqualified from being appointed as a director of the company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 on the said date;
- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - a. in so far as it relates to the balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2007;
  - b. in so far as it relates to the profit and loss account, of the profit of the company for the year ended on that date; and
  - c. in so far as it relates to the cash flow statement, of the cash flows for the year ended on that date.

Chennai  
10<sup>st</sup> August 2007

For SUNDARAM & SRINIVASAN  
Chartered Accountants

M BALASUBRAMANIAM  
Partner  
Membership No. F7945

**Auditors' report to the Shareholders****Annexure referred to in our report of even date on the accounts for the year ended 31<sup>st</sup> March 2007.**

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification at reasonable intervals, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification;
- (c) The assets disposed off during the year are not substantial and therefore do not affect the going concern status of the company.
- (ii) (a) The inventory including those with third parties, other than in-transit have been physically verified at reasonable intervals during the year by the management. In our opinion the frequency of such verification is adequate.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business;
- (c) In our opinion, the company has maintained proper records of inventory. The discrepancies between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account.
- (iii) (a) During the year, the company has granted unsecured loans to two of its subsidiaries amounting to Rs. 24.32 crores (Balance due as at the year end is Rs Nil.);
- (b) During the year, the company has not taken any loans secured or unsecured, from companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956. However, the Company has availed unsecured loan of Rs. 1.35 crores from one of its subsidiaries and the balance amount outstanding at the year end is Rs. 0.10 crores.
- (c) In our opinion, the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the company, as regards items (a) and (b) above;
- (d) The company is regular in repaying and recovering the principal amount as stipulated and is also regular in payment and receipt of interest;
- (e) The amount of loan granted to a wholly owned subsidiary in the last year amounting to Rs.1.19 crores is not overdue.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the contracts or arrangements that need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 have been properly entered in the said register;
- (b) In our opinion and according to the information and explanations given to us, the transactions entered in the register maintained under Section 301 and exceeding during the year by rupees five lakhs in respect of each party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposit from the public.
- (vii) The company has an internal audit system which, in our opinion, is commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government under Section 209 (1)(d) of the Companies Act, 1956 for maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the records provided to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income tax, Sales tax, Wealth tax, Customs duty, Excise duty, Service tax, Cess and other statutory dues with the appropriate authorities. The die casting division at Belagondapalli near Hosur is not covered under the Employees' State Insurance Act;
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Service tax and Cess were in arrears, as at 31<sup>st</sup> March 2007 for a period of more than six months from the date they became payable;
- (c) According to the information and explanations given to us, the following are the details of the disputed dues, that were not deposited with the concerned authorities:

**Auditors' report to the Shareholders**

**Annexure referred to in our report of even date on the accounts for the year ended 31<sup>st</sup> March 2007. (Continued)**

Name of the statute	Nature of dues	Amount (Rs. in crores)	Forum where dispute is pending
Tamilnadu Town and Country Planning Act, 1971	Fee payable to CMDA	0.58	The High Court of Judicature at Madras.
The Tamilnadu Tax on Consumption or Sale of Electricity Act, 2003	Tax on electricity consumed	0.03	The High Court of Judicature at Madras
Income Tax Act, 1961	Income tax	0.17	Commissioner of Income-tax (Appeals), Chennai

- (x) The company neither has accumulated losses as at the end of the financial year nor has incurred cash losses during the financial year and in the immediately preceding year.
- (xi) 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 any bank.
- (xii) Based on our examination and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit / nidhi / mutual benefit fund / society and as such clause (xiii) of the Order is not applicable;
- (xiv) The company is not dealing or trading in shares, securities, debentures and other investments.

- (xv) In our opinion, the terms and conditions of guarantees given by the company for loans taken by others are not prejudicial to the interests of the company.
- (xvi) The term loan availed by the company were utilized for the purpose for which the loan was obtained.
- (xvii) On the basis of our examination, the company has not used funds raised on short term basis for long term investment.
- (xviii) During the year, the company has not allotted any shares on preferential basis to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) During the year, the company has not issued any secured debentures.
- (xx) During the year, the company has not raised any money by public issue.
- (xxi) Based on the audit procedures adopted and information and explanations given to us by the management, no fraud on or by the company has been noticed or reported during the course of our audit.

For SUNDARAM & SRINIVASAN  
Chartered Accountants

M BALASUBRAMANIAM  
Partner  
Membership No. F7945

Chennai  
10th August 2007





## Sundaram-Clayton Limited

### Balance Sheet as at 31st March 2007

(Rupees in crores)

	Schedule number		As at 31.03.2007		As at 31.03.2006
<b>I. SOURCE OF FUNDS</b>					
<b>1. Shareholders' funds</b>					
a) Capital	I		18.97		18.97
b) Reserves and surplus	II		<u>325.25</u>		<u>270.46</u>
			<b>344.22</b>		289.43
<b>2. Loans</b>					
a) Secured loans	III		116.85		83.40
b) Unsecured loans	IV		<u>98.94</u>		<u>62.72</u>
			<b>215.79</b>		146.12
<b>3. Deferred taxation (net)</b>					
	V		<u>19.35</u>		<u>15.40</u>
			<b>579.36</b>		<b>450.95</b>
<b>II. APPLICATION OF FUNDS</b>					
<b>1. Fixed Assets</b>					
a) Gross block			467.02		407.16
b) Less : Depreciation			<u>153.79</u>		<u>122.02</u>
c) Net block			<b>313.23</b>		285.14
d) Capital work-in-progress			<b>13.20</b>		17.37
<b>2. Investments</b>					
	VII		<b>82.29</b>		71.03
<b>3. Current assets, loans and advances</b>					
a) Inventories	VIII		102.92		72.66
b) Sundry debtors	IX		138.47		114.68
c) Cash & bank balances	X		9.71		14.78
d) Other current assets	XI		0.17		0.48
e) Loans & advances	XII		<u>61.29</u>		<u>35.37</u>
	(a)		<u>312.56</u>		<u>237.97</u>
<b>Less: current liabilities and provisions</b>					
a) Current liabilities	XIII		97.56		105.03
b) Provisions	XIV		<u>44.36</u>		<u>55.56</u>
	(b)		<u>141.92</u>		<u>160.59</u>
<b>Net current assets</b>	(a)-(b)		<b>170.64</b>		77.38
<b>4. Miscellaneous expenditure (to the extent not written off or adjusted)</b>					
	XV		-		0.03
			<b>579.36</b>		<b>450.95</b>

SURESH KRISHNA  
Chairman

VENU SRINIVASAN  
Managing Director

As per our report annexed  
For SUNDARAM & SRINIVASAN  
Chartered Accountants

Chennai  
August 10, 2007

V N VENKATANATHAN  
Sr. Vice-President-Finance

S MURALIDHARAN  
Secretary

M BALASUBRAMANIAM  
Partner



Profit & Loss Account for the year ended 31st March 2007

(Rupees in crores)

	Schedule number	Year ended 31.03.2007	Year ended 31.03.2006
Sales (Gross)		951.26	754.01
Less: Excise duty		135.07	124.74
Sales (Net)		816.19	629.27
Other Income	XVI	48.62	45.33
	a	864.81	674.60
Materials consumed	XVII	430.97	306.98
Traded goods consumed	XVIII	1.80	2.09
Salaries & wages, stores consumed and other expenses	XIX	255.93	224.42
	b	688.70	533.49
Profit before Interest, depreciation and tax	c (a-b)	176.11	141.11
Interest (net)		15.24	7.89
Depreciation		32.79	26.90
	d	48.03	34.79
Profit before tax	e (c-d)	128.08	106.32
Provision - for income tax		32.00	28.82
- for fringe benefit tax		0.97	1.03
- for deferred tax		3.95	2.00
	f	36.92	31.85
Profit for the year (after tax)	g (e-f)	91.16	74.47
Balance profit brought forward		26.83	21.46
Profit for the year (after tax)		91.16	74.47
Tax relating to earlier years		0.52	0.85
Total		118.51	96.78
First interim dividend paid		13.28	11.38
Second interim dividend paid		15.17	11.38
Dividend tax paid		3.99	3.19
Proposed dividend		3.80	-
Dividend Tax payable		0.65	-
Transfer to general reserve		40.39	44.00
Balance surplus carried to Balance Sheet		41.23	26.83
Total		118.51	96.78
Notes on accounts	XX		
Nominal value of each share in rupees		10.00	10.00
Basic earnings per share in rupees on 1,89,67,584 shares		48.06	39.26
Diluted earnings per share in rupees		48.06	39.26

SURESH KRISHNA  
Chairman

VENU SRINIVASAN  
Managing Director

As per our report annexed  
For SUNDARAM & SRINIVASAN  
Chartered Accountants

Chennai  
August 10, 2007

V N VENKATANATHAN  
Sr. Vice-President-Finance

S MURALIDHARAN  
Secretary

M BALASUBRAMANIAM  
Partner



Schedules

		(Rupees in crores)	
		As at 31.03.2007	As at 31.03.2006
<b>I</b>	<b>SHARE CAPITAL</b>		
	<b>Authorised</b>		
	2,00,00,000 Equity Shares of Rs.10/- each	<u>20.00</u>	<u>20.00</u>
	<b>Issued, subscribed and paid-up</b>		
	1,89,67,584 Equity Shares of Rs.10/- each fully paid	<u>18.97</u>	<u>18.97</u>
	Of the above		
	i) 94,460 equity shares of Rs.10/- each have been allotted for consideration other than cash against supply of machinery.		
	ii) 1,70,09,529 equity shares of Rs.10/- each have been allotted as bonus shares by capitalisation of general reserve to the extent of Rs.15,87,14,740 and capitalisation of share premium of Rs.1,13,80,550		
<b>II</b>	<b>RESERVES AND SURPLUS</b>		
	<b>Capital reserve</b>		
	As per last Balance Sheet	34.02	34.02
	<b>General reserve</b>		
	As per last Balance Sheet	209.61	
	Add: Transfer from Profit and Loss account	<u>40.39</u>	
		250.00	209.61
	<b>Surplus</b>		
	Balance in Profit & Loss account	<u>41.23</u>	<u>26.83</u>
		<u>325.25</u>	<u>270.46</u>
<b>III</b>	<b>SECURED LOANS</b>		
	<b>From banks</b>		
	i) Secured by hypothecation of raw materials, components, work-in-process, finished goods, book debts, stores, spares and tools.	53.25	59.82
	ii) Secured by hypothecation of specified plant and machinery	63.60	23.58
		<u>116.85</u>	<u>83.40</u>
<b>IV</b>	<b>UNSECURED LOANS</b>		
	From banks	98.84	62.72
	From others	0.10	-
		<u>98.94</u>	<u>62.72</u>

(Rupees in crores)

**Schedules (continued)** As at 31.03.2007 As at 31.03.2006

**V DEFERRED TAXATION (NET)**

	<b>Deferred tax liabilities</b>		
	Tax on depreciation - timing difference	31.48	27.98
Less :	<b>Deferred tax assets</b>		
	On employee related schemes	7.70	8.09
	On other timing differences	4.43	4.49
		<b>12.13</b>	<b>12.58</b>
		<b>19.35</b>	<b>15.40</b>

**VI FIXED ASSETS**

Description	Land	Lease hold Land	Buildings	Plant & Machinery, Dies & Jigs	Furniture, Fixtures & Equipments	Vehicles	Others Fixed Assets @	Total as at	
								31.03.2007	31.03.2006
<b>Cost of assets</b>									
As at 01.04.2006	23.21	9.47	53.91	290.62	23.16	4.59	2.20	<b>407.16</b>	331.74
Additions	-	1.07	0.86	64.06	1.41	0.54	0.92	<b>68.86</b>	79.01
Less: sales/transfer	6.79	0.11	0.03	1.38	0.64	0.05	-	<b>9.00</b>	3.59
<b>Total</b>	<b>16.42</b>	<b>10.43</b>	<b>54.74</b>	<b>353.30</b>	<b>23.93</b>	<b>5.08</b>	<b>3.12</b>	<b>467.02</b>	<b>407.16</b>
<b>Depreciation</b>									
Upto 31.03.2006	-	-	7.66	100.52	10.56	1.55	1.73	<b>122.02</b>	97.82
For the year	-	-	1.69	27.11	2.55	0.64	0.80	<b>32.79</b>	26.90
Deductions on sales/transfer	-	-	-	0.42	0.56	0.04	-	<b>1.02</b>	2.70
<b>Total</b>	<b>-</b>	<b>-</b>	<b>9.35</b>	<b>127.21</b>	<b>12.55</b>	<b>2.15</b>	<b>2.53</b>	<b>153.79</b>	<b>122.02</b>
<b>Written down value</b>									
<b>As at 31.03.2007</b>	16.42	10.43	45.39	226.09	11.38	2.93	0.59	<b>313.23</b>	
As at 31.03.2006	23.21	9.47	46.25	190.10	12.60	3.04	0.47		285.14

**CAPITAL WORK-IN-PROGRESS (at cost)**

Buildings	4.05	0.38
Machinery in transit / installation	9.15	16.98
Others	-	0.01
	<b>13.20</b>	<b>17.37</b>

@ vide note no XX 1(x) regarding Intangible Assets under Accounting standard 26



Schedules (continued)

		(Rupees in crores)		
		Face Value	As at 31.03.2007	As at 31.03.2006
<b>VII INVESTMENTS (AT COST)</b>				
<b>1. Trade-Quoted (fully paid up) - Long term</b>				
<b>i) Subsidiaries</b>				
a)	TVS Motor Company Ltd, Chennai - 2,10,00,000 equity shares of Re.1/- each	2.10	2.10	2.10
<b>ii) Others</b>				
a)	ICICI Bank Ltd, Mumbai - 34,346 equity shares of Rs.10/- each	0.03	0.07	0.07
b)	Housing Development Finance Corporation Ltd, Mumbai - 69,740 equity shares of Rs.10/- each	0.07	0.09	0.09
c)	HDFC Bank Ltd, Mumbai - 500 equity shares of Rs.10/- each (Rs.5,000/-)	-	-	-
<b>2. Trade-unquoted (fully paid up) - Long term</b>				
<b>Subsidiaries</b>				
a)	Anusha Investments Ltd, Chennai - 5,00,000 equity shares of Rs.100/- each	5.00	5.00	5.00
b)	Harita Stocks Ltd, Chennai - 20 equity shares of Rs.10/- each - Rs 200/- @	-	-	-
c)	TVS Investments Ltd, Chennai - 2,71,88,318 equity shares of Rs.10/- each (Last year - 2,25,63,318 equity shares of Rs.10/- each)	22.56	44.59	35.34
d)	Auto (India) Engineering Limited, Chennai - 1,00,000 equity shares of Rs. 5/- each (now known as WABCO - TVS (India) Limited, Chennai)	0.05	0.05	0.05
<b>3. Trade-unquoted (partly paid up) - Long term</b>				
<b>Subsidiaries</b>				
	Harita Stocks Ltd, Chennai - last year - 2,49,980 equity shares of Rs.10/- each (Rs. 3/- paid-up) @ merged with Anusha Investments Ltd, Chennai with effect from 30th March 2007	0.25	-	0.08
<b>4. Non-trade-quoted (fully paid up) - Long term</b>				
a)	7,27,664 Tax free bonds (6.75%) in Unit Trust of India, Mumbai	7.28	7.66	7.66
<b>5. Non-trade-unquoted (partly paid up) - Long term</b>				
a)	Adyar Property Holding Company Ltd, Chennai - 105 equity shares of Rs.100/- each (Rs.65/- per share paid-up) - Rs.6,825/-	-	-	-
<b>6. Non-trade-unquoted (fully paid up) - Long term</b>				
a)	Kalinavihar Dharshan Co-operative Housing Society Ltd., Mumbai - 10 equity shares of Rs.50/- each - Rs.500/-	-	-	-
b)	Siddharthnagar Co-operative Housing Society Ltd., Aundh, Pune - 5 equity shares of Rs.50/- each - Rs.250/-	-	-	-
c)	Arkay Energy (Rameswaram) Limited, Hyderabad - 10,50,000 equity shares of Rs.10/- each	1.05	1.05	1.05
Carried forward			<b>60.61</b>	<b>51.44</b>

Schedules (continued)

		(Rupees in crores)	
		As at 31.03.2007	As at 31.03.2006
Brought forward		60.61	51.44
<b>7. Non-trade-quoted (fully paid up) - Short term</b>			
a)	Prudential ICICI Asset Management Limited, Mumbai - 10,00,000 units of Prudential ICICI Fusion Fund - Growth option	1.00	1.00
b)	Prudential ICICI Asset Management Limited, Mumbai - 98,738.997 (last year 1,60,976.12) units of Prudential Dynamic Plan - Growth option	0.35	0.56
c)	Prudential ICICI Asset Management Limited, Mumbai -26,96,174.674(last year NIL) units of Prudential Dynamic Plan - Dividend option	5.88	-
d)	SBI Mutual Fund of State Bank of India, Mumbai - 15,09,395.81 (last year NIL) units of SBI Magnum Sector Funds Umbrella Contra - Dividend option	3.90	-
e)	SBI Mutual Fund of State Bank of India, Mumbai -4,60,000 (last year NIL) units of SBI One India Fund - Dividend option	0.46	-
f)	SBI Mutual Fund of State Bank of India, Mumbai - 50,00,000 units of SBI Blue Chip Fund	-	5.00
g)	Reliance Capital Asset Management Company Limited, Ahmedabad - 30,00,000 units of Reliance Equity Fund	-	3.00
h)	Sundaram Asset Management Company Limited, Chennai - 4,79,753.40 (last year NIL) units of Sundaram Equity Multiplier Fund - Growth Plan	0.48	-
i)	Sundaram Asset Management Company Limited, Chennai - 9,33,359.698 units of Sundaram Capex Fund	-	1.38
j)	Sundaram Asset Management Company Limited, Chennai -13,91,749.708 units of Sundaram Money Fund Institutional	-	1.00
k)	DSP Merrill Lynch Investment Managers Limited, Mumbai - 5,34,358.555 units of DSP Merrill Lynch Equity Fund	-	2.00
l)	ING Vysya Asset Management Company Limited, Bangalore - 19,96,000 units of ING Vysya Lion Fund	-	2.15
m)	Deutsche Asset Management Company Limited, Mumbai - 13,74,042.246 (last year NIL) units of DWS Alpha Equity Fund - Dividend option	2.01	-
n)	UTI Asset Management Company Limited, Mumbai - 10,12,357.716 (last year NIL) of UTI Spread Fund - Dividend option	1.02	-
o)	UTI Asset Management Company Limited, Mumbai - 50,80,729.96 (last year NIL) of UTI Fixed Maturity Plan QuarterlySeries - Dividend option	5.08	-
p)	UTI Asset Management Company Limited, Mumbai 20,00,000 units of UTI Contra Fund	-	2.00
q)	Deutsche Asset Management Company Limited, Mumbai - 15,00,000 units of Deutsche Fixed Term Series 9 -Growth plan	1.50	1.50
		<b>82.29</b>	<b>71.03</b>
<b>SUMMARY</b>			
	Quoted investments	31.60	29.51
	Unquoted investments	50.69	41.52
		<b>82.29</b>	<b>71.03</b>
	Short term	21.68	19.59
	Long term	60.61	51.44
		<b>82.29</b>	<b>71.03</b>
	<b>Market value of quoted investments</b>	<b>172.10</b>	<b>324.99</b>



Schedules (continued)

	As at 31.03.2007	As at 31.03.2006
(Rupees in crores)		
<b>VIII INVENTORIES</b>		
Raw materials and components*	29.70	18.78
Work-in-process*	9.74	7.31
Finished goods*	40.31	28.01
Traded goods*	0.26	-
Stores*	12.61	14.00
Goods in transit*	10.30	4.56
	<u>102.92</u>	<u>72.66</u>
* At lower of weighted average cost or net realisable value as prescribed in Accounting Standard 2 issued by The Institute of Chartered Accountants of India.		
<b>IX SUNDRY DEBTORS-UNSECURED, CONSIDERED GOOD</b>		
a) Debts outstanding for a period exceeding six months	5.60	4.60
Less: Provision for bad and doubtful debts	1.50	3.42
	<u>4.10</u>	<u>1.18</u>
b) Other debts	134.37	113.50
	<u>138.47</u>	<u>114.68</u>
<b>X CASH AND BANK BALANCES</b>		
a) Cash, cheques and stamps on hand	1.50	1.65
b) With scheduled banks		
i) Current accounts	8.02	2.40
ii) Term deposit account	0.04	10.54
c) With others		
i) Current account with Bank of America, Chicago, USA (Maximum balance - 0.15-last year 0.33)	0.15	0.19
	<u>9.71</u>	<u>14.78</u>
<b>XI OTHER CURRENT ASSETS</b>		
Interest accrued on investments and deposits	0.17	0.48
	<u>0.17</u>	<u>0.48</u>
<b>XII LOANS AND ADVANCES-UNSECURED, CONSIDERED GOOD</b>		
a) Advances recoverable in cash or in kind or for value to be received	56.14	30.66
b) Deposits	5.15	4.71
	<u>61.29</u>	<u>35.37</u>
<b>XIII CURRENT LIABILITIES</b>		
Sundry creditors	97.56	105.03
	<u>97.56</u>	<u>105.03</u>
<b>XIV PROVISIONS</b>		
a) Taxation less advance payments	5.72	7.96
b) Dividend proposed	3.80	11.38
c) Dividend tax	0.65	1.60
d) Pension	21.41	22.38
e) Leave salary	2.37	2.36
f) Warranty	8.30	7.38
g) Sales tax	2.10	2.50
h) Others	0.01	-
	<u>44.36</u>	<u>55.56</u>

## Schedules (continued)

	Year ended 31.03.2007	Year ended 31.03.2006
(Rupees in crores)		
<b>XV MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)</b>		
Upfront charges on loans availed	—	0.03
	<u>—</u>	<u>0.03</u>
<b>XVI OTHER INCOME</b>		
a) Sale of scrap and empties	10.57	4.56
b) Lease rent	0.24	0.24
c) Management services	10.28	10.28
d) Profit on sale of assets	2.48	1.27
e) Dividend	15.73	13.34
f) Profit on sale of investments	2.58	4.77
g) Software development	4.32	4.19
h) Miscellaneous income	2.42	6.68
	<u>48.62</u>	<u>45.33</u>
<b>XVII MATERIALS CONSUMED</b>		
Opening stock :		
Raw materials	18.78	10.85
Work-in-process	7.31	4.85
Finished goods	28.01	14.98
	<u>54.10</u>	<u>30.68</u>
Add : Purchases	456.62	330.40
Total	(a) <u>510.72</u>	<u>361.08</u>
Less : Closing stock :		
Raw materials	29.70	18.78
Work-in-process	9.74	7.31
Finished goods	40.31	28.01
Total	(b) <u>79.75</u>	<u>54.10</u>
Net	(a)-(b) <u>430.97</u>	<u>306.98</u>
<b>XVIII TRADED GOODS CONSUMED</b>		
Opening stock	—	—
Add : Purchases	2.06	2.09
	<u>2.06</u>	<u>2.09</u>
Less : Closing stock	0.26	—
	<u>1.80</u>	<u>2.09</u>





Schedules (continued)

	Year ended 31.03.2007	(Rupees in crores) Year ended 31.03.2006
<b>XIX SALARIES &amp; WAGES, STORES CONSUMED AND OTHER EXPENSES</b>		
Salaries, wages and bonus (includes to managing directors Rs 2.36 crores - last year Rs 2.03 crores)	68.00	53.53
Stores and tools consumed (includes Rs 2.29 crores wages)	42.05	37.20
Directors' sitting fees	0.04	0.03
Contribution to provident and other funds (includes to managing directors Rs.0.11 crores - last year Rs 0.11 crores)	7.00	8.67
Power and fuel	26.29	24.77
Workmen and staff welfare expenses (includes to managing directors - Rs.0.04 crores - last year Rs 0.05 crores)	12.42	11.66
Rent (Includes on behalf of managing directors - Rs.0.05 crores - last year Rs 0.05 crores)	1.64	1.48
Rates and taxes	5.86	8.28
Repairs and maintenance		
a) Building	8.11	7.71
b) Machinery	12.50	12.73
c) Other assets	0.61	0.61
Insurance	1.41	1.18
Commission	0.45	0.48
Audit fees	0.20	0.17
Cash discount	0.27	0.25
Travel and conveyance	6.90	5.75
Packing and forwarding	29.82	20.69
Data processing	1.75	1.55
Research and development	5.54	3.46
Other expenses (includes to managing directors -Rs 29,411/- - last year Rs 40,869/-)	24.95	24.02
Loss on sale of assets	0.12	0.20
	<u>255.93</u>	<u>224.42</u>

Schedules (continued)

XX NOTES ON ACCOUNTS

(Rupees in crores)

	As at/ Year ended 31.03.2007	As at/ Year ended 31.03.2006
<b>1. Accounting Standards</b>		
<b>a) AS - 1 Disclosure of Accounting policies</b>		
The accounts are maintained on accrual basis as a going concern.		
<b>b) AS - 2 Valuation of Inventories</b>		
Inventories are valued in accordance with the method of valuation prescribed by The Institute of Chartered Accountants of India at lower of weighted average cost or net realisable value.		
<b>c) AS - 3 Cash Flow Statement</b>		
Cash flow statement is prepared under "Indirect Method" and the same is annexed.		
<b>d) AS - 4 Contingencies and events occurring after balance sheet date</b>		
Disclosure of contingencies as required by the accounting standards is furnished in note no. 9		
<b>e) AS - 5 Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies</b>		
<b>1) Prior period debits included in profit and loss account :</b>		
Salaries & wages	0.11	0.03
Contribution to provident and other funds	0.02	-
Power and fuel	-	0.14
Sales returns	0.18	-
Other expenses	0.01	0.06
<b>2) Prior period debits capitalised</b>	-	0.51
<b>3) Prior period Credits included in profit and loss account:</b>		
Warranty provision not required written back	-	2.49
Excess provision for price discount reversed	-	2.22
Power charges	-	0.70
Salaries (net against current year expenses)	-	0.19
<b>f) AS - 6 Depreciation Accounting</b>		
Depreciation has been provided under the straight line method at the rates prescribed under schedule XIV of the Companies Act, 1956 with applicable shift allowances. In respect of the assets added / sold during the year, pro-rata depreciation has been provided.		
Depreciation in respect of computers and vehicles has been provided @30% and 18% respectively which is higher than the rate prescribed in schedule XIV of the Companies Act, 1956.		
Depreciation in respect of assets acquired during the year whose actual cost does not exceed Rs. 5,000/- has been provided at 100%.		
<b>g) AS - 9 Revenue Recognition</b>		
The income of the company is derived from sale of air brake equipment, parts and accessories thereof, gravity and pressure die castings, traded goods, net of trade discount, software services and includes realised exchange fluctuation on exports.		
Interest income is recognised on a time proportion basis taking into account the amount outstanding and rate applicable.		
Dividend from investment is recognised when the company in which they are held declares the dividend and when the right to receive is established.		
The revenue and expenditure are accounted on a going concern basis.		



Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

(Rupees in crores)

As at/  
Year ended  
31.03.2007

As at/  
Year ended  
31.03.2006

**h) AS - 10 Accounting for Fixed Assets**

Fixed assets are stated at cost of construction / acquisition or manufacturing cost in case of assets fabricated by the company including expenditure incurred upto the date the asset is put to use as reduced by Central Value Added Tax (CENVAT) credit.

**i) AS - 11 Accounting for the effects in Foreign exchange rates**

**a) Foreign Currency transactions**

Income and expenses in foreign currencies are converted at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. Exchange differences other than on foreign currency loans to acquire fixed assets from countries outside India are recognised in profit and loss account.

Net exchange differences debited to Profit & Loss Account	<b>0.12</b>	0.35
Net exchanges differences credited to carrying amount of fixed assets	<b>0.65</b>	0.36

**b) Derivative instruments**

During the year the company has entered into one composite structure covering currency and interest in respect of external commercial borrowings amounting to Rs.30.36 crores.

**c) Foreign currency exposures**

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Sl.No	Description	Value in foreign currency (in Millions)		Value in Indian rupees (in crores)
1	Export receivables	USD	6.68	29.02
		Euro	0.97	5.66
		GBP	0.01	0.06
		AUD	0.01	0.02
2	Import of goods and services	USD	7.63	33.09
		Euro	0.12	0.69
		JPY	0.56	0.02
		SEK	0.17	0.11
3	Capital goods	USD	6.60	28.64
		EURO	0.24	7.17
		AUD	0.03	0.08
		CHF	0.15	0.55

**j) AS - 12 Accounting for Government grants**

The Company has not received any grants from the Government.

**k) AS - 13 Accounting for Investments**

Investments are valued at cost. Provision for diminution in the carrying cost of long term investments is made if such diminutions is other than temporary in nature in the opinion of the management. There is no diminution in the carrying cost of investments during the year.

Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

	As at/ Year ended 31.03.2007	(Rupees in crores) As at/ Year ended 31.03.2006
<b>Investments made during the year</b>		
ICICI Prudential Asset Management Company Limited, New Delhi	26.77	65.27
ABN Amro Asset Management (India) Limited, Mumbai	11.87	5.19
HSBC Asset Management (India) Private Limited, Mumbai	1.25	–
LIC Mutual Fund Asset Management Company Limited, Mumbai	3.00	–
SBI Mutual Fund of State Bank of India, Mumbai	10.46	22.11
UTI Asset Management Company Limited, Mumbai	18.08	2.00
Sundaram Asset Management company Limited, Chennai	29.52	13.98
DSP Merrill Lynch Fund Managers Limited, Mumbai	7.24	12.00
Reliance Capital Asset Management Ltd, Mumbai	–	5.08
Standard Chartered Asset Management Company Limited, Mumbai	4.01	20.35
HDFC Asset Management Company Limited, Mumbai	20.90	41.30
ING Vysya Asset Management Company Limited, Mumbai	9.58	8.26
Deutsche Asset Management India Private Limited, Mumbai	10.03	1.50
Franklin Templeton Asset Management (India) Private Limited, Mumbai	17.44	4.68
Tata Asset Management Ltd, Mumbai	13.80	7.05
Kotak Mahindra Asset Management Company Ltd, Mumbai	4.00	–
Birla Sunlife Asset Management Company Limited, Mumbai	1.00	6.25
Principal Asset Management Company Private Limited, Chennai	3.00	1.00
Arkay Energy (Rameswarm) Limited, Hyderabad	–	1.05
TVS Investments Limited, Chennai	9.25	–
<b>Total</b>	<b>201.20</b>	<b>217.07</b>
<b>Investments redeemed during the year</b>		
ICICI Prudential Asset Management Company Limited, New Delhi	21.10	63.70
ABN Amro Asset Management (India) Limited, Mumbai	11.87	6.74
HSBC Asset Management (India) Private Limited, Mumbai	1.25	–
LIC Mutual Fund Asset Management Company Limited, Mumbai	3.00	–
SBI Mutual Fund of State Bank of India, Mumbai	11.11	17.11
UTI Asset Management Company Limited, Mumbai	13.99	–
Sundaram Asset Management company Limited, Chennai	31.41	11.60
DSP Merrill Lynch Fund Managers Limited, Mumbai	9.24	10.00
Standard Chartered Asset Management Company Limited, Mumbai	4.01	20.35
HDFC Asset Management Company Limited, Mumbai	20.90	43.41
ING Vysya Asset Management Company Limited, Mumbai	11.73	6.11
Deutsche Asset Management India Private Limited, Mumbai	8.02	–
Franklin Templeton Asset Management (India) Private Limited, Mumbai	17.43	6.69
Tata Asset Management Company Ltd, Mumbai	13.80	8.08
Kotak Mahindra Asset Management Company Ltd, Mumbai	4.00	–
Birla Sunlife Asset Management Company Limited, Mumbai	1.00	6.25
Principal Asset Management Company Private Limited, Chennai	3.00	1.00
Reliance Capital Asset Management Limited, Ahmedabad	3.00	2.08
Harita Stocks Limited, Chennai	0.08	–
<b>Total</b>	<b>189.94</b>	<b>203.12</b>

The amounts of Rs 201.20 crores (last year Rs 217.07 crores) and Rs 189.94 crores (last year Rs 203.12 crores) are cumulative figures.



Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

	As at/ Year ended 31.03.2007	(Rupees in crores) As at/ Year ended 31.03.2006
<b>Cost of investments held as at Balance Sheet date</b>	<b>82.29</b>	71.03
<b>l) AS - 14 Accounting for Amalgamation</b>		
During the year, there was no amalgamation.		
<b>m) AS - 15 Accounting for Retirement Benefits</b>		
a) Contribution to provident fund are made to recognised trusts.		
b) Contributions to gratuity, deposit linked insurance fund and superannuation fund are made to Life Insurance Corporation of India in accordance with the scheme framed by the Corporation.		
c) The company has evolved a pension policy for senior managers. Provision in this regard is made on actuarial basis for current and past services.		
d) Leave salary payable in respect of encashable leave has been provided for according to the service rules of the company based on actuarial valuation. Unavailed leave which is not encashable during the continuance of service has not been provided for.		
<b>n) AS - 16 Borrowing Cost</b>		
The borrowing cost has been treated in accordance with Accounting Standard on borrowing cost (AS 16) issued by The Institute of Chartered Accountants of India. During the year, a sum of Rs. 0.19 crores (last year Rs 0.60 crores) being interest on borrowings attributable to qualifying assets have been capitalised under the head Plant & Machinery.		
<b>o) AS - 17 Segment Reporting</b>		
The Company operates in only one segment viz., Automotive components and there are no separate reportable segments. The income from software services are less than 10% of total revenue. Hence this is not recognised as a separate segment.		
<b>p) AS - 18 Related Party Disclosure</b>		
Disclosures are made as per the requirements of the standard and clarifications issued by The Institute of Chartered Accountants of India.		
<b>q) AS - 19 Accounting of leases</b>		
Since all the lease agreements were entered before 1st April 2001 this standard is not applicable.		
<b>r) AS - 20 Earnings Per Share (EPS)</b>		
EPS is calculated in accordance with the standard - vide Profit & Loss account.		
<b>s) AS - 21 Consolidated Financial Statements</b>		
Consolidated financial statements of the company and its subsidiaries are enclosed.		

Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

	As at/ Year ended 31.03.2007	(Rupees in crores) As at/ Year ended 31.03.2006
<b>t) AS - 22 Accounting for Taxes on Income</b>		
Current tax is determined as the amount of tax payable in respect of taxable income for the period.		
Deferred tax liability and asset are recognised, subject to the consideration of prudence, on timing differences.		
<b>u) AS - 23 Accounting for Investments in Associates in Consolidated Financial Statements</b>		
Sundram Non-Conventional Energy Systems Limited, Chennai and Harita TVS Technologies Limited, Chennai are associates of Anusha Investments Limited, Chennai and TVS Investments Limited, Chennai respectively. Anusha Investments Limited, Chennai and TVS Investments Limited, Chennai are wholly owned subsidiaries of Sundaram Clayton Limited. Hence these companies are also associates of Sundaram-Clayton Limited and therefore their financial statements are considered in the preparation of consolidated financial statements of the company.		
<b>v) AS - 24 Discontinuing Operations</b>		
The Company has not discontinued any operations during the year.		
<b>w) AS - 25 Interim Financial Reporting</b>		
The quarterly financial results are published in accordance with the requirements of Listing agreement with stock exchanges.		
<b>x) AS - 26 Intangible Assets</b>		
During the year, the company acquired the following assets falling under the definition of intangible assets as per the accounting standard and the following disclosures are made in respect of those assets :		
Licences & Software :		
- Useful life of the assets	<b>2 years</b>	2 years
- Amortisation rate used	<b>50% each year as depreciation</b>	50% each year as depreciation
Gross carrying amounts at the beginning and at the end of the period together with additions and deletions during the year		
Opening balance	<b>2.20</b>	1.45
Additions during the year	<b>0.92</b>	0.75
Total	<b>3.12</b>	2.20
Amortised as depreciation	<b>2.53</b>	1.73
Closing balance	<b>0.59</b>	0.47





Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

	As at/ Year ended 31.03.2007	(Rupees in crores) As at/ Year ended 31.03.2006
<b>y) AS - 27 Financial Reporting of Interests in Joint Ventures</b>		
The Company has no interests in joint venture.		
<b>z) AS - 28 Impairment of Assets</b>		
The carrying amount of the assets net of accumulated depreciation as on the balance sheet date is not less than the recoverable amount of those assets. However in respect of certain Plant and Machinery the carrying amount net of accumulated depreciation is less than the recoverable amount by Rs.0.07 crores (last year Rs.Nil) and the impairment loss has been provided under depreciation.		
<b>aa) AS - 29 Provisions, contingent liabilities and contingent assets</b>		
i) Provisions In respect of warranty obligations, provision is made in accordance with terms of sale vide Schedule XIV to Balance Sheet		
ii) Contingent liabilities Amount for which the company is contingently liable is disclosed in note 9.		
iii) Contingent assets : Contingent assets which are likely to give rise to possibility of inflow of economic benefits - Nil		
iv) Contested liabilities are detailed in note 15.		
<b>2. Amount of loan repayable within one year:</b>		
Secured - from banks	86.49	59.82
Unsecured - from banks	90.90	58.99
- from others	0.10	-
<b>3. Dividend income include dividend from subsidiaries</b>	13.73	12.73
<b>4. Dues from subsidiaries</b>		
<b>Debtors include due from subsidiaries</b>		
-Debts outstanding for a period exceeding six months	0.04	-
- Other debts	17.35	16.07
<b>5. Dues from subsidiaries</b>		
Loans and advances include dues from subsidiaries		
Sundaram Auto Components Limited, Chennai	0.24	0.05
Auto (India) Engineering Limited, (now known as WABCO - TVS (India) Limited, Chennai)	1.19	1.19
TVS Electronics Limited, Chennai	-	0.09
TVS Motor Company Limited, Chennai	-	0.38
TVS Finance and Services Limited, Chennai	-	0.06
<b>6. Sundry creditors include:</b>		
a) Investor Education and Protection fund - Unpaid dividend	3.36	0.31
b) Due to directors	1.97	1.64
c) Amount due to small scale industrial units	0.75	8.39

## Schedules (continued)

## XX NOTES ON ACCOUNTS (continued)

	As at/ Year ended 31.03.2007	(Rupees in crores) As at/ Year ended 31.03.2006
d) Amount due to other industrial units	16.02	26.41
List of small scale industrial units for whom outstanding is more than 30 days:		
Rajan Engineering Works, Chennai, Desh Brothers, Chennai,		
K K Press Tools and Components, Chennai, Control Equipments, Chennai,		
G V Tool Company, Chennai, Metcut Toolings Private Limited, Chennai		
Information required under Micro, Small and Medium Enterprises Development Act, 2006:		
The Company has written to all its suppliers to ascertain if they are covered by the said Act. No information has been received in reply.		
However, the suppliers' credit terms are generally 45 days within which all payments are made. Hence, the question of payments of interest or provision therefor towards belated payments does not arise.		
<b>7. Bank balance in unclaimed dividend account</b>	<b>3.36</b>	0.31
<b>8. Loans and Advances include:</b>		
a) Amount lying with central excise	6.94	1.63
<b>9. Contingent Liability not provided for:</b>		
a) On counter guarantee given to bankers	0.30	0.04
b) On letters of credit opened with bankers	9.47	32.23
c) On partly paid shares	0.01	0.18
d) Capital commitments not provided	21.61	4.58
e) On guarantee furnished on behalf of employees	0.02	0.04
f) On account of future export obligations (under Export Promotion Capital Goods scheme and Advance License)	80.30	48.06
g) On export sales bills discounted with banks	-	11.95
<b>10. Tax deducted at source on</b>		
a) Interest receipts	0.07	0.04
b) Contract income	1.07	0.92
c) Service charges	0.65	0.61
d) Miscellaneous income	0.08	0.02
<b>11. Audit fees consists of</b>		
a) Audit fees	0.12	0.12
b) Certification fees	0.02	0.02
c) Taxation matters	0.01	0.01
d) Other services	0.03	0.01
e) Reimbursement of expenses	0.02	0.01
<b>12. Contribution to provident and other funds include :</b>		
a) Contribution towards gratuity as per scheme framed by Life Insurance Corporation of India	2.11	1.86
b) Contribution towards super annuation as per scheme framed by Life Insurance Corporation of India	0.43	0.52
c) Contribution to pension fund	(0.96)	2.57
d) Contribution towards deposit linked insurance as per scheme framed by Life Insurance Corporation of India	0.04	0.05



Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

	As at/ Year ended 31.03.2007	(Rupees in crores) As at/ Year ended 31.03.2006
<b>13. Repairs include</b>		
(a) Stores consumed	2.40	2.75
<b>14. Interest paid comprises of:</b>		
a) Interest on fixed loans	4.89	1.59
b) Interest on other loans	11.69	6.98
c) Less: Interest receipts on Bonds, deposits, staff advances and Other advance made (gross)	1.34	0.68
<b>Interest (net of income)</b>	<b>15.24</b>	<b>7.89</b>
<b>15. Liability contested and not provided for</b>		
a) Excise duty	–	0.06
b) Income tax	0.17	0.20
c) Employees State Insurance	–	2.56
d) Others	0.61	0.79
<b>16. Loss on sale of investments netted against profit on sale of investments</b>	<b>0.54</b>	–
<b>17. Research and development</b>		
a) Revenue Expenditure - This consists of		
Salaries & wages	5.47	4.08
Product development	4.26	3.16
Tools & Accessories	0.42	0.42
Consultancy	0.79	0.66
Stores consumables	–	0.06
Product Library	0.05	0.07
Continuous Improvement	0.01	0.01
Patent Charges	0.01	–
Patent Search	–	0.03
Field tests and trials/tensile and compression testing charges	0.21	0.12
Software/data processing	0.21	–
Foreign and inland travel	0.34	–
Die trial activity cost	1.11	–
<b>Total</b>	<b>12.88</b>	<b>8.61</b>
b) Capital expenditure		
Buildings (included in total cost of additions Rs 0.86 crores under buildings)	0.04	–
Plant & Machinery (included in total cost of additions of Rs 64.06 crores under Plant and Machinery, Dies & Jigs)	2.87	4.47
Computers (included in total cost of additions of Rs 1.41 crores under Furniture, Fixtures & Equipments)	0.10	0.23
Software & Licenses (included in total cost of additions of Rs 0.92 crores under other fixed assets)	0.20	0.18
<b>Total</b>	<b>3.21</b>	<b>4.88</b>
<b>18. Last year's figures have been regrouped wherever necessary to conform to this year's classification.</b>		

Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

19. Disclosure made in terms of clause 32 and clause 41 of the listing agreement with stock exchange

(Rupees in crores)

Particulars	Name of the company	Amount outstanding as on 31.03.2007	Maximum amount due at any one time during the year	Amount outstanding as on 31.03.2006
a) Loans and advances				
(i) Loans and advances in the nature of loans made to subsidiary company	Anusha Investments Limited, Chennai Auto (India) Engineering Limited, Chennai (now known as WABCO-TVS (India) Limited, Chennai) TVS Finance and Services Limited, Chennai	<b>NIL</b> <b>1.19</b> <b>NIL</b>	0.32 1.19 24.00	<b>NIL</b> 1.19 <b>NIL</b>
(ii) Loans and advances in the nature of loans made to associate company	NIL	<b>NIL</b>	NIL	<b>NIL</b>
(iii) Loans and advances in the nature of loans where there is				
1) no repayment schedule or repayment beyond seven years (or)	NIL	<b>NIL</b>	NIL	<b>NIL</b>
2) no interest or interest below section 372A of the Companies Act	NIL	<b>NIL</b>	NIL	<b>NIL</b>
(iv) Loans and advances in the nature of loans made to firms/companies in which directors of the company are interested	TVS Finance and Services Limited, Chennai	<b>NIL</b>	24.00	<b>NIL</b>
(b) Investments by the company				
(i) In subsidiary companies	Anusha Investments Limited, Chennai (5,00,000 Equity shares of Rs.100/- each fully paid up) Harita Stocks Limited, Chennai (20 Equity shares of Rs.10/- each fully paid up) (Rs 200) Harita Stocks Limited, Chennai (2,49,980 Equity shares of Rs.10/- each partly paid up - Rs.3 per share paid up) TVS Investments Limited, Chennai ( 2,71,88,318 (last year 2,25,63,318) equity shares of Rs 10/- each fully paid up) TVS Motor Company Limited, Chennai (2,10,00,000 equity shares of Rs.1/- each fully paid up) Auto (India) Engineering Limited, Chennai (now known as WABCO-TVS (India) Limited, Chennai (1,00,000 Equity shares of Rs 5/- each fully paid up)	<b>5.00</b> <b>NIL</b> <b>NIL</b> <b>44.59</b> <b>2.10</b> <b>0.05</b>	5.00 NIL 0.08 44.59 2.10 0.05	5.00 NIL 0.08 35.34 2.10 0.05
(ii) In associate company	NIL	<b>NIL</b>	NIL	<b>NIL</b>
(iii) In holding company	NIL	<b>NIL</b>	NIL	<b>NIL</b>

c) Investments by the loanee in the shares of the parent company and subsidiary company when the company has made a loan or advance in the nature of loan - NIL



## Sundaram-Clayton Limited

### Schedules (continued)

XX NOTES ON ACCOUNTS (continued)	As at/ Year ended 31.03.2007	(Rupees in crores) As at/ Year ended 31.03.2006
<b>20. Computation of net profit as per section 309(5) of the Companies Act, 1956 read with section 198 and section 349 of the Companies Act, 1956</b>		
Profit before tax as per profit and loss account	128.08	106.32
Add : Remuneration to managing directors	2.56	2.24
Depreciation as per books	32.79	26.90
	<b>35.35</b>	29.14
	<b>163.43</b>	135.46
Less : Depreciation as per sec 350	<b>31.96</b>	26.07
	<b>131.47</b>	109.39
Commission payable to :		
Joint managing director @ 2% of the net profit	2.63	2.19
Restricted to 1.5% as determined by the board	1.97	1.64

### 21 Related party disclosure

#### LIST OF RELATED PARTIES

##### a) Reporting entity : -

Sundaram-Clayton Limited, Chennai (SCL)

##### b) Subsidiary companies

- (i) Anusha Investments Limited, Chennai (AIL) - Subsidiary of SCL
- (ii) TVS Investments Limited, Chennai (TVSIL) - Subsidiary of SCL
- (iii) Auto (India) Engineering Limited, Chennai (now known as WABCO-TV S (India) Limited, Chennai) - Subsidiary of SCL
- (iv) Padi Automotive Systems Limited, Chennai - Subsidiary of AIL
- (v) TVS Motor Company Limited, Chennai (TVSM) - Subsidiary of SCL
- (vi) Sundaram Auto Components Limited, Chennai - Subsidiary of TVSM
- (vii) TVS Electronics Limited, Chennai (TVSE) - Subsidiary of TVSIL
- (viii) TVS Finance and Services Limited, Chennai - Subsidiary of TVSIL
- (ix) Sravanaa Properties Limited, Chennai - Subsidiary of TVSE
- (x) TVS Motor (Singapore) Pte. Limited, Singapore - Subsidiary of TVSM
- (xi) TVS Motor Company (Europe) B.V. Amsterdam (TVSM Europe) - Subsidiary of TVSM
- (xii) PT TVS Motor Company Indonesia, Jakarta - Subsidiary of TVSM Europe

##### c) Associate companies

- (i) T V Sundram Iyengar & Sons Limited, Madurai
- (ii) Sundaram Industries Limited, Madurai
- (iii) Southern Roadways Limited, Madurai
- (iv) Sundram Non Conventional Energy Systems Limited, Chennai
- (v) Harita TVS Technologies Limited, Chennai (formerly known as Harita Infoserve Limited, Chennai)

##### d) Controlling interest

- (i) Sundaram Investment Limited, Chennai

##### e) Key management personnel

- (i) Mr Venu Srinivasan - Managing Director
- (ii) Mr Gopal Srinivasan - Jt. Managing Director

Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

22. Related Party Transactions

(Rupees in crores)

Sl.No.	Nature of Transactions	Name of the Company	Subsidiaries	Associates	Key management personnel	Relative of key management personnel	Total
1	Purchase of goods	Sundaram Auto Components Ltd, Chennai	19.80	-	-	-	19.80
		Sundaram Industries Ltd, Madurai	-	10.20	-	-	10.20
			19.80 (15.67)	10.20 (7.71)	-	-	30.00 (23.38)
2	Sale of goods (including sub contract charges received)	TVS Motor Company Ltd, Chennai	96.12	-	-	-	96.12
		T V Sundram Iyengar & Sons Ltd, Madurai	-	8.65	-	-	8.65
		TVS Electronics Ltd, Chennai	1.93	-	-	-	1.93
		98.05 (62.91)	8.65 (13.02)	-	-	106.70 (75.93)	
3	Sale of fixed assets	TVS Investments Limited, Chennai	9.25	-	-	-	9.25
4	Rendering of services	TVS Motor Company Ltd, Chennai	8.37	-	-	-	8.37
		TVS Finance & Services Ltd, Chennai	0.06	-	-	-	0.06
		Sundaram Auto Components Ltd, Chennai	0.64	-	-	-	0.64
		TVS Electronics Ltd, Chennai	2.97	-	-	-	2.97
		Sundaram Industries Limited, Madurai	-	0.03	-	-	0.03
		12.04 (11.89)	0.03 (0.02)	-	-	12.07 (11.91)	
5	Receiving of services	TVS Electronics Ltd, Chennai	0.63	-	-	-	0.63
		TVS Finance & Services Ltd, Chennai	0.75	-	-	-	0.75
		Sundaram Auto Components Ltd, Chennai	0.06	-	-	-	0.06
		TVS Motor Company Ltd, Chennai	0.01	-	-	-	0.01
		T V Sundram Iyengar & Sons Ltd, Madurai	-	0.30	-	-	0.30
		Harita TVS Technologies Limited, Chennai	-	0.58	-	-	0.58
		Southern Roadways Ltd, Madurai	-	0.21	-	-	0.21
		Sundram Non Conventional Energy Systems Ltd, Chennai	-	0.56	-	-	0.56
				1.45 (1.66)	1.65 (0.84)	-	-
6	Lease rent Paid	TVS Finance & Services Ltd, Chennai	-	-	-	-	-
			(0.11)	-	-	-	(0.11)
	Received	Sundram Non Conventional Energy Systems Ltd, Chennai	-	0.24	-	-	0.24
			-	(0.24)	-	-	(0.24)
7	Remuneration paid		-	-	2.56	-	2.56
			-	-	(2.24)	-	(2.24)
8	Other transactions Rent	Anusha Investments Ltd, Chennai	0.03	-	-	-	0.03
		TVS Electronics Ltd, Chennai	0.03	-	-	-	0.03
			0.06 (0.08)	- -	- -	- -	0.06 (0.08)
	Interest Expenses	TVS Motor Company Ltd, Chennai	0.28 (0.82)	- -	- -	- -	0.28 (0.82)





## Sundaram-Clayton Limited

Schedules (continued)

(Rupees in crores)

**XX NOTES ON ACCOUNTS (continued)**

Sl.No.	Nature of Transactions	Name of the Company	Subsidiaries	Associates	Key management personnel	Relative of key management personnel	Total
9	Finance						
	Inter corporate deposits given and received	Anusha Investments Ltd, Chennai	<b>0.32</b> (0.45)	-	-	-	<b>0.32</b> (0.45)
	Inter corporate deposits received and repaid	Anusha Investments Ltd, Chennai	<b>1.25</b> (7.00)	-	-	-	<b>1.25</b> (7.00)
	Inter corporate deposits given and received	TVS Finance and Services Ltd, Chennai	<b>24.00</b>	-	-	-	<b>24.00</b>
	Trade advances received	TVS Motor Company Ltd, Chennai	-	-	-	-	-
			(9.00)	-	-	-	(9.00)
	Dividend received	TVS Motor Company Ltd, Chennai	<b>2.73</b>	-	-	-	<b>2.73</b>
		Anusha Investments Ltd, Chennai	<b>11.00</b>	-	-	-	<b>11.00</b>
			<b>13.73</b> (12.73)	-	-	-	<b>13.73</b> (12.73)
	Interest income received	TVS Finance and Services Ltd, Chennai	<b>0.07</b>	-	-	-	<b>0.07</b>
			<b>0.07</b>	-	-	-	<b>0.07</b>
10	Outstanding as on 31 3 2007						
	Loans & advances	Auto (India) Engineering Ltd, Chennai now known as WABCO-TV S (India) Ltd, Chennai)	<b>1.19</b> (1.77)	-	-	-	<b>1.19</b> (1.77)
	Receivables	TVS Motor Company Ltd, Chennai	<b>16.50</b>	-	-	-	<b>16.50</b>
		TVS Electronics Ltd, Chennai	<b>0.78</b>	-	-	-	<b>0.78</b>
		Sundaram Auto Components Ltd, Chennai	<b>0.24</b>	-	-	-	<b>0.24</b>
		T V Sundram Iyengar & Sons Ltd, Madurai	-	<b>1.90</b>	-	-	<b>1.90</b>
		Anusha Investments Ltd, Chennai	<b>0.01</b>	-	-	-	<b>0.01</b>
		Southern Roadways Ltd, Madurai	-	<b>0.01</b>	-	-	<b>0.01</b>
		Sundaram Auto Components Ltd, Chennai	<b>0.08</b>	-	-	-	<b>0.08</b>
		TVS Finance and Services Ltd, Chennai	<b>0.04</b>	-	-	-	<b>0.04</b>
			<b>17.65</b> (19.04)	<b>1.91</b> (1.32)	-	-	<b>19.56</b> (20.36)
	Payables	TVS Electronics Ltd, Chennai	<b>0.01</b>	-	-	-	<b>0.01</b>
		Sundaram Auto Components Ltd, Chennai	<b>0.67</b>	-	-	-	<b>0.67</b>
		Sundaram Industries Ltd, Madurai	-	<b>0.02</b>	-	-	<b>0.02</b>
		Anusha Investments Ltd, Chennai	<b>0.10</b>	-	-	-	<b>0.10</b>
		Harita TVS Technologies Ltd, Chennai	-	<b>0.02</b>	-	-	<b>0.02</b>
			<b>0.78</b> (0.34)	<b>0.04</b> (1.09)	-	-	<b>0.82</b> (1.43)

Previous year's figure are furnished in brackets

## Schedules (continued)

## XX NOTES ON ACCOUNTS (continued)

## 23. Information pursuant to the provisions of part II of Schedule VI of the Companies Act, 1956 (vide Notification dated 30th October, 1973 of the Department of Company Affairs, Government of India)

		Year ended 31.03.2007		(Rupees in crores)		
		Quantity	Value	Quantity	Value	
		% of total consumption		% of total consumption		
<b>I. RAW MATERIALS CONSUMED</b>						
1.	a) Basic raw materials					
	Steel sheets, bar materials & tubes	Kgs	2717344	15.44	2877108	14.18
	Castings and forgings	Nos	2964394	21.01	2469554	12.50
	Aluminium alloys and ingots	Kgs	14240203	180.36	11702833	129.38
	b) Intermediates and components (which individually do not account for 10 % or more of the total value of consumption)			228.89		166.41
			<u>445.70</u>			<u>322.47</u>
2.	Consumption of raw materials and components					
	a) Imported		38.1	169.74	19.5	62.54
	b) Indigeneous		61.9	275.96	80.5	259.93
			<u>100.0</u>	<u>445.70</u>	<u>100.0</u>	<u>322.47</u>
<b>II. CONSUMPTION OF MACHINERY SPARES</b>						
	a) Imported		11.4	0.31	9.0	0.49
	b) Indigeneous		88.6	2.44	91.0	4.91
			<u>100.0</u>	<u>2.75</u>	<u>100.0</u>	<u>5.40</u>
<b>III. IMPORTS (CIF value)</b>						
	a) Raw materials			170.63		80.45
	b) Spares, stores and components			4.63		7.78
	c) Capital goods			26.70		5.18
	d) Trading goods			2.06		2.09
<b>IV. EXPENDITURE IN FOREIGN CURRENCY</b>						
	a) Commission on sales			0.12		0.17
	b) Travel			1.65		0.91
	c) Training			0.51		0.07
	d) Consultancy, retainer					
	- Productivity improvement		0.34			
	- Legal and trade marks		0.24	0.58		1.57



Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

	Year ended 31.03.2007	(Rupees in crores) Year ended 31.03.2006
<b>IV EXPENDITURE IN FOREIGN CURRENCY (Continued)</b>		
e) Market survey	2.91	0.45
f) Subscriptions	0.07	0.01
g) Computer software	0.13	0.06
h) Rework charges	1.39	1.69
i) Interest on foreign currency loan	6.17	2.68
j) Warehousing fees	1.76	0.97
k) Salaries	1.06	0.63
l) Insurance	0.04	0.05
m) Power and fuel (Rs 17,000/- - last year Rs 7,000/-)	-	-
n) Rent	0.03	0.02
o) Repairs and Maintenance	0.29	0.21
p) Rates and Taxes ( Rs Nil - last year Rs 47,000/-)	-	-
q) Sitting fees (Rs 9,950/- - last year Rs 45,000/-)	-	-
r) Others	0.34	0.24
<b>V PAYMENT TO NON RESIDENT SHAREHOLDERS</b>		
a) No. of non resident shareholders	One	One
b) No.of shares held by non residents	74,30,000	74,30,000
c) Dividend		
- relating to 31st March 2006- II interim	4.46	
- relating to 31st March 2007- I interim	5.20	
- relating to 31st March 2007- II interim	5.94	
- relating to 31st March 2005- II interim		2.97
- relating to 31st March 2006 - I interim		4.46
<b>VI EARNINGS IN FOREIGN EXCHANGE</b>		
a) Exports (on FOB basis)	133.60	81.99
b) Freight and insurance recovery	7.80	4.76
c) Others	4.32	4.19



## Sundaram-Clayton Limited

### Schedules (continued)

#### VII. PRODUCTION, SALES, OPENING & CLOSING STOCKS OF GOODS PRODUCED

(Rupees in crores)

Product	Quantity in	Year ended 31.03.2007						Year ended 31.03.2006									
		Opening Stock		Production Purchases meant for sale		Sales		Closing Stock		Opening Stock		Production		Sales		Closing Stock	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
<b>(A) Manufactured items</b>																	
a) Air assist and full air actuation system for automotive and non-automotive applications and elements thereof	(Sets)	540	0.84	4,44,025	4,42,849	396.80	1,716	1.71	1,211	1.20	3,86,851	3,87,522	335.57	540	0.84		
b) Spares			0.48		70.82			0.20		0.12			61.15		0.48		
c) Others			1.32		39.36			1.91		1.32			35.05				
					<b>506.98</b>								<b>431.77</b>				
d) Non-ferrous gravity and pressure die castings	Mt	1,301	26.69	13,369	11,010	307.28	1,650	38.40	664	13.66	11,307	8,587	195.15	1,301	26.69		
<b>(B) Traded Items</b>																	
a) Printers	Nos	-	-	1,704	1,427	1.93	277	0.26			3,000	3,000	2.35				
					<b>816.19</b>								<b>629.27</b>				

\* Includes for internal consumption of 2010 Mt. (last year 2083 Mt.)

#### Licensed / installed capacities information is not furnished in view of the abolition of the Industrial Licensing requirements

SURESH KRISHNA  
Chairman

venu srinivasan  
Managing Director

V N VENKATANATHAN  
Sr. Vice-President-Finance

S MURALIDHARAN  
Secretary

As per our report annexed  
For SUNDARAM & SRINIVASAN  
Chartered Accountants

M BALASUBRAMANIAM  
Partner

Chennai  
August 10, 2007



## Sundaram-Clayton Limited

### Cash Flow Statement for the year ended 31st March 2007

	(Rupees in crores)	
	Year ended 31.03.2007	Year ended 31.03.2006
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax and extraordinary items	128.08	106.32
Adjustments for:		
Depreciation	32.79	26.90
Dividend received	(15.73)	(13.34)
Profit on sale of investments	(2.58)	(4.77)
Interest (net)	15.24	7.89
	<u>29.72</u>	<u>16.68</u>
<b>Operating profit before working capital changes</b>	<b>157.80</b>	<b>123.00</b>
Adjustments for:		
Inventories	(30.26)	(30.94)
Sundry debtors	(23.79)	(20.40)
Other current assets	0.31	(0.24)
Loans and advances	(25.92)	0.85
Current liabilities and provisions	(7.91)	8.25
	<u>(87.57)</u>	<u>(42.48)</u>
	<b>70.23</b>	<b>80.52</b>
Interest paid	(16.57)	(8.56)
Direct taxes paid	(34.69)	(25.66)
<b>Net cash from operating activities</b>	<b>(A) 18.97</b>	<b>46.30</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Additions to fixed assets including capital work in progress	(64.69)	(55.17)
Deletion to fixed assets (net)	7.98	0.89
Redemption / (Purchase) of investments (net)	(11.26)	(13.94)
Profit on sale of investments	2.58	4.77
Interest received	1.33	0.67
Dividend received	15.73	13.34
<b>Net cash used in investing activities</b>	<b>(B) (48.33)</b>	<b>(49.44)</b>

Cash Flow Statement for the year ended 31st March 2007 (continued)

		(Rupees in crores)	
		Year ended 31.03.2007	Year ended 31.03.2006
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long term borrowings		40.12	7.25
Short term borrowings		29.55	29.69
Miscellaneous expenditure not written off		0.03	-
Dividend paid		(45.41)	(21.63)
<b>Net cash from financing activities</b>	<b>(C)</b>	<b>24.29</b>	<b>15.31</b>
<b>D. NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
	<b>(A+B+C)</b>	<b>(5.07)</b>	<b>12.17</b>
Opening cash and cash equivalents (01 04 2006)		14.78	2.61
Closing cash and cash equivalents (31 03 2007)		9.71	14.78

Notes :

1. The above statement has been prepared in indirect method except in case of dividend and investments which have been considered on the basis of actual movement of cash.
2. Cash and cash equivalents include cash & bank balances

	SURESH KRISHNA <i>Chairman</i>	VENU SRINIVASAN <i>Managing Director</i>	As per our report annexed For SUNDARAM & SRINIVASAN <i>Chartered Accountants</i>
Chennai August 10, 2007	V N VENKATANATHAN <i>Sr. Vice-President-Finance</i>	S MURALIDHARAN <i>Secretary</i>	M BALASUBRAMANIAM <i>Partner</i>





## Sundaram-Clayton Limited

### Statement under section 212 of the Companies Act, 1956 relating to subsidiaries

Name of the subsidiaries	Anusha Investments Limited, Chennai	TVS Investments Limited, Chennai	Auto (India) Engineering Limited, Chennai*	TVS Motor Company Limited, Chennai
1. Financial year of the subsidiaries ended on	31.03.2007	31.03.2007	31.03.2007	31.03.2007
2. Shares of the subsidiaries held by the company on 31.03.2007				
a) Number and face value-equity	5,00,000 equity shares of Rs 100 each fully paid	2,71,88,318 equity shares of Rs 10 each fully paid	1,00,000 equity shares of Rs 5 each fully paid	2,10,00,000 equity shares of Re 1 each
b) Extent of holding	100%	100%	100%	8.84%
3. Net aggregate amount of profit/losses of the subsidiaries not dealt with in the company's account so far as it concerns the members of the holding company	Rs in crores	Rs in crores	Rs in crores	Rs in crores
a) for the financial year of the subsidiaries	6.03	(9.25)	(0.01)	4.21
b) for the previous financial years since they became subsidiaries	24.96	3.83	-	65.06
4. Net aggregate amount of profit/losses of the subsidiaries dealt with in the company's account so far as it concerns the members of the holding company	Rs in crores	Rs in crores	Rs in crores	Rs in crores
a) for the financial year of the subsidiaries	11.00	Nil	Nil	2.73
b) for the previous financial years since they became subsidiaries	56.80	1.65	Nil	10.62
5. Change of interest of the company in the subsidiaries between the end of the financial year of the subsidiaries and the financial year of the company.	Nil	Nil	Nil	Nil
6. Material changes between the end of the financial year of the subsidiaries and the end of financial year of the company in respect of subsidiaries	Not applicable as the subsidiaries close the accounts on 31 <sup>st</sup> March.			
i) Fixed assets				
ii) Investments				
iii) Money lent				
iv) Borrowings other than for meeting current liabilities				

\* now known as WABCO-TV S (India) Limited

- TVS Electronics Limited (TVSE), Chennai and TVS Finance and Services Limited (TVSF&S), Chennai are subsidiaries of TVS Investments Ltd Chennai, which is a subsidiary of Sundaram-Clayton Limited, Chennai (SCL). Hence, TVSE and TVSF & S are subsidiaries of SCL u/s 4(1)(c) of the Companies Act, 1956.
- Sravanaa Properties Limited, Chennai being a wholly-owned subsidiary of TVS Electronics Limited is a subsidiary of SCL u/s 4(1)(c) of the Companies Act, 1956.
- Sundaram Clayton Limited and its wholly owned subsidiary Anusha Investments Limited, Chennai together hold 56.83% of the paid up equity capital of TVS Motor Company Limited (TVSM), Chennai. Hence, TVSM is a subsidiary of SCL.
- Sundaram Auto Components Limited (SACL), Chennai being a wholly-owned subsidiary of TVSM is a subsidiary of SCL u/s 4(1)(c) of the Companies Act, 1956.
- PT TVS Motor Company Indonesia, Jakarta, TVS Motor (Singapore) Pte Limited, Singapore and TVS Motor Company (Europe) BV, Amsterdam being overseas subsidiaries of TVSM are subsidiaries of SCL u/s 4(1)(c) of the Companies Act, 1956.
- Padi Automotive Systems Limited, Chennai is a wholly owned subsidiary company of Anusha Investments Ltd, Chennai. Hence it has become a subsidiary company of SCL u/s 4(1)(c) of the Companies Act 1956.
- Harita Stocks Limited a wholly owned subsidiary of SCL has merged with Anusha Investments Ltd effective 30<sup>th</sup> March 2007 and hence the details are not furnished in this statement.

Chennai,  
August 10, 2007

SURESH KRISHNA  
Chairman

venu srinivasan  
Managing Director

V N VENKATANATHAN  
Sr. Vice-President-Finance

S MURALIDHARAN  
Secretary

**Balance Sheet abstract and Company's General Business Profile vide notification dated 15.5.95 issued by Ministry of Company Affairs**

**I Registration Details**

Registration No.  of   
 State Code   
 Balance Sheet Date  -  -

**II Capital Raised during the Year (Amount in Rs. '000)**

Public Issue   
 Bonus Issue   
 Rights Issue   
 Private Placement

**III Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)**

Total Liabilities   
 Total Assets

**Source of Funds**

Paid-up Capital   
 Secured Loans   
 Deferred Tax Liability   
 Reserves & Surplus   
 Unsecured Loans

**Application of Funds**

Net Fixed Assets   
 Investments   
 Misc. Expenditure   
 Capital work-in-progress   
 Net current Assets

**IV Performance of Company (Amount in Rs '000)**

Turnover (includes other income)   
 Profit before tax   
 Earning per share in Rs.   
 Total Expenditure   
 Profit after tax   
 Dividend Rate - %

**V Generic names of three Principal Products / Services of the Company (As per monetary terms)**

Product Description	Item Code No. (ITC Code)
(i) Air assist and full air actuation systems for automotive and non-automotive applications and elements thereof.	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="8"/>
(ii) Non-ferrous gravity and pressure die castings	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="8"/>



---

**Consolidated Accounts  
for the year ended  
31st March 2007**

---

## **Auditors' Report on Consolidated Accounts**

We have audited the attached consolidated Balance Sheet of Sundaram-Clayton Limited, Chennai 600 006, and its subsidiaries as at 31<sup>st</sup> March 2007 and also the related Profit and loss account and the Cash flow statement for the year ended on that date, both annexed hereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We did not audit the financial statements of subsidiaries, namely TVS Motor Company (Europe) B.V., Amsterdam, TVS Motor (Singapore) Pte. Ltd., Singapore and PT TVS Motor Company Indonesia, Jakarta, Sravanaa Properties Limited, Chennai and TVS Finance and Services Limited, Chennai, for the year ended 31<sup>st</sup> March 2007. The financial statements and other information of the subsidiaries have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is solely based on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement

presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21 read with Accounting Standard 23 issued by the Institute of Chartered Accountants of India, on the basis of the individual financial statements of Sundaram-Clayton Limited and Sundram Non-Conventional Energy Systems Limited, Chennai, an associate of subsidiary viz., Anusha Investments Limited, Chennai, Harita TVS Technologies Limited, Chennai, an associate of subsidiary of M/s TVS Investments Limited and its subsidiary companies of Sundaram-Clayton Limited, included in the aforesaid consolidation.

In our opinion, and based on our audit, the consolidated financial statements referred to above give a true and fair view of the financial position of Sundaram-Clayton Limited, its subsidiaries as at 31<sup>st</sup> March 2007 and of the results of their operations and their cash flows for the year ended in conformity with generally accepted accounting principles in India.

For SUNDARAM & SRINIVASAN  
*Chartered Accountants*

M BALASUBRAMANIAM  
*Partner*  
*Membership No. F7945*

Chennai  
August 10, 2007



**Consolidated accounts of Sundaram-Clayton Limited and its subsidiaries**

**Consolidated Balance Sheet as at 31st March 2007**

	Schedule number	As at 31.03.2007	(Rupees in crores) As at 31.03.2006
<b>I. SOURCE OF FUNDS</b>			
<b>1. Shareholders' funds</b>			
Capital	I	18.97	18.97
Reserves and surplus	II	<u>735.43</u>	<u>671.60</u>
		754.40	690.57
<b>2. Minority interest</b>			
	III	<u>347.56</u>	333.96
<b>3. Loans</b>			
Secured loans	IV	908.59	681.43
Unsecured loans	V	<u>406.53</u>	<u>209.94</u>
		1,315.12	891.37
<b>4. Deferred Taxation (net of deferred tax assets)</b>			
	VI	<u>173.69</u>	<u>166.43</u>
		<u>2,590.77</u>	<u>2,082.33</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
Gross block	VII	2,291.90	2,097.96
Less: Depreciation		<u>955.72</u>	<u>837.80</u>
		1,336.18	1,260.16
Less: Lease terminal adjustment		<u>4.72</u>	<u>4.37</u>
Net block		1,331.46	1,255.79
Capital work-in-progress		<u>268.24</u>	<u>49.02</u>
<b>2. Investments</b>			
	VIII	171.64	174.28
<b>3. Current assets, loans and advances</b>			
Inventories	IX	542.51	468.71
Stock on Hire		0.33	2.18
Sundry debtors	X	284.54	195.14
Cash & bank balances	XI	200.45	198.89
Other current assets	XII	0.87	1.21
Loans & advances	XIII	<u>623.35</u>	<u>502.35</u>
	(a)	<u>1,652.05</u>	<u>1,368.48</u>
<b>Less: Current liabilities and provisions</b>			
Current liabilities	XIV	785.23	738.52
Provisions	XV	<u>105.94</u>	<u>121.23</u>
	(b)	<u>891.17</u>	<u>859.75</u>
<b>Net current assets</b>	(a)-(b)	<b>760.88</b>	508.73
<b>4. Miscellaneous expenditure (to the extent not written off or adjusted)</b>			
	XVI	<u>58.55</u>	<u>94.51</u>
		<u>2,590.77</u>	<u>2,082.33</u>

SURESH KRISHNA  
Chairman

venu srinivasan  
Managing Director

As per our report annexed  
For SUNDARAM & SRINIVASAN  
Chartered Accountants

Chennai  
August 10, 2007

V N VENKATANATHAN  
Sr. Vice-President-Finance

S MURALIDHARAN  
Secretary

M BALASUBRAMANIAM  
Partner

Consolidated Profit & Loss Account for the year ended 31st March 2007

	Schedule number	Year ended 31.03.2007	(Rupees in crores) Year ended 31.03.2006
Sales (Gross)		5,624.94	4,713.20
Less: Excise duty		(752.80)	(636.15)
Sales (Net)		4,872.14	4,077.05
Income from finance operations		49.21	35.03
Other Income	XVII	87.81	99.08
Income from extraordinary items		—	1.70
Total	(c)	5,009.16	4,212.86
Materials consumed	XVIII	3,336.27	2,662.69
Cost of traded items	XIX	45.74	23.30
Salaries & wages, stores consumed and other expenses	XX	1,231.55	1,080.23
Interest (net)		80.77	49.51
Depreciation		133.37	136.06
Provision as per Reserve Bank of India norms		5.49	6.28
Total	(d)	4,833.19	3,958.07
Profit for the year before tax	(c)-(d)	175.97	254.79
Provision for current tax		43.94	76.88
Provision for fringe benefit tax		6.73	8.24
Profit after current tax		125.30	169.67
Provision for deferred taxation (net)		(7.29)	(5.81)
Tax relating to earlier years		0.19	6.57
Pro rata share of loss (net of profit) from associate		(0.21)	0.09
Profit after deferred tax, expenses write off and tax relating to earlier years		117.99	170.52
Balance brought forward from previous year		(27.59)	(13.14)
Balance brought forward from the current year		117.99	170.52
Total		90.40	157.38
Interim dividend paid		26.73	9.51
Interim dividend payable		—	25.63
Proposed dividend		3.80	1.33
Tax on dividend including surcharge		9.73	9.11
Transfer to statutory reserve under sec 45 IC of the Reserve Bank of India Act, 1934		2.65	3.64
Transfer to general reserve		92.95	135.75
Balance carried to balance sheet - Parent company		(23.02)	(16.67)
- Minority interest		(22.44)	(10.92)
Total		90.40	157.38
Notes on accounts	XXI		
Nominal value of equity shares (Rs)		10.00	10.00
Basic earnings per share in rupees on 1,89,67,584 shares		49.80	63.74
Diluted earnings per share in rupees		49.80	63.74

SURESH KRISHNA  
Chairman

VENU SRINIVASAN  
Managing Director

As per our report annexed  
For SUNDARAM & SRINIVASAN  
Chartered Accountants

Chennai  
August 10, 2007

V N VENKATANATHAN  
Sr. Vice-President-Finance

S MURALIDHARAN  
Secretary

M BALASUBRAMANIAM  
Partner





## Consolidated accounts of Sundaram-Clayton Limited and its subsidiaries

### Consolidated schedules

	(Rupees in crores)	
	As at 31.03.2007	As at 31.03.2006
<b>I. SHARE CAPITAL - Parent company</b>		
<b>Authorised</b>		
2,00,00,000 Equity Shares of Rs.10/- each	<u>20.00</u>	<u>20.00</u>
<b>Issued, subscribed and paid-up</b>		
1,89,67,584 Equity Shares of Rs.10/- each fully paid	<u>18.97</u>	<u>18.97</u>
<b>Of the above</b>		
i) 94,460 equity shares of Rs.10/- each have been allotted for consideration other than cash against supply of machinery		
ii) 1,70,09,529 equity shares of Rs.10/- each have been allotted as bonus shares by capitalisation of general reserve to the extent of Rs.15,87,14,740 and capitalisation of share premium of Rs.1,13,80,550		
<b>II. RESERVES AND SURPLUS</b>		
Capital reserve - Parent company	34.02	34.02
- On amalgamation	4.02	4.02
- On consolidation	93.33	92.98
- Others	1.04	1.04
Less: Goodwill	<u>(24.18)</u>	<u>(18.89)</u>
Share premium	1.95	3.66
Investment subsidy	0.07	0.07
Statutory reserve u/s 45 IC of Reserve Bank of India Act, 1934	19.21	16.56
Foreign currency translation reserve	5.69	2.50
General reserve	623.12	551.99
Add: Credit balance in surplus i.e., balance in Profit & Loss A/c	<u>(23.02)</u>	<u>(16.67)</u>
Employee stock option	0.18	0.32
Total	<u>735.43</u>	<u>671.60</u>
<b>III. MINORITY INTEREST</b>		
Share capital	21.61	21.61
Reserves	348.39	323.27
Surplus i.e., balance in Profit & Loss account	<u>(22.44)</u>	<u>(10.92)</u>
	<u>347.56</u>	<u>333.96</u>
<b>IV. SECURED LOANS</b>		
External commercial borrowings	476.53	308.61
Term loans from banks and financial institutions	303.65	268.32
Cash credit from banks	128.41	104.50
(The description of securities and mode of redemption are given in the annual reports of the respective companies.)	<u>908.59</u>	<u>681.43</u>

Consolidated schedules (Continued)

	As at 31.03.2007	(Rupees in crores) As at 31.03.2006
<b>V. UNSECURED LOANS</b>		
<b>Long term</b>		
From banks	7.94	69.86
From others	19.29	32.56
<b>Short term</b>		
From banks	307.00	97.77
Other deposits / loans	72.30	9.75
	<u>406.53</u>	<u>209.94</u>
<b>VI. DEFERRED TAXATION (NET)</b>		
<b>Deferred tax liabilities</b>		
Tax on depreciation	169.25	180.71
Amortisation allowance	46.73	(0.70)
	(a) <u>215.98</u>	180.01
<b>Less: Deferred tax assets</b>		
On employees' related schemes	7.70	8.09
On other timing differences	34.59	5.49
	(b) <u>42.29</u>	13.58
Net deferred tax liability	(a-b) <u>173.69</u>	<u>166.43</u>

**VII. FIXED ASSETS**

Description	Land	Buildings	Plant & Machinery, Dies & Jigs and Computers	Intellectual property rights	Furniture, Fixture, Office & Electrical Equipments	Vehicles	Others	Total as at 31.03.2007
<b>Cost of Assets</b>								
As on 01.04.2006	220.27	203.82	1,540.14	8.00	93.39	24.70	7.64	2,097.96
Additions	20.99	5.96	194.23	-	6.84	1.95	1.09	231.06
Less: Sales/Transfer/discarded	8.30	0.02	25.09	-	2.06	1.65	-	37.12
<b>Total</b>	<b>232.96</b>	<b>209.76</b>	<b>1,709.28</b>	<b>8.00</b>	<b>98.17</b>	<b>25.00</b>	<b>8.73</b>	<b>2,291.90</b>
<b>Depreciation</b>								
Upto 31.03.2006	-	41.12	712.02	2.60	59.06	16.55	6.45	837.80
For the year	-	6.78	114.17	0.76	9.27	2.22	1.25	134.45
Deductions on sales/transfer/discarded	-	-	13.53	-	1.90	1.10	-	16.53
<b>Total</b>	<b>-</b>	<b>47.90</b>	<b>812.66</b>	<b>3.36</b>	<b>66.43</b>	<b>17.67</b>	<b>7.70</b>	<b>955.72</b>
<b>Written down value</b>								
As at 31.03.2007	232.96	161.86	896.62	4.64	31.74	7.33	1.03	1,336.18

**CAPITAL WORK-IN-PROGRESS ( at cost )**

	As at 31.03.2007
Building under construction	91.56
Machinery in transit/installation	120.34
Others	56.34
<b>Total</b>	<u>268.24</u>



**Consolidated accounts of Sundaram-Clayton Limited and its subsidiaries**

**Consolidated schedules (Continued)**

		(Rupees in crores)	
		As at	As at
		31.03.2007	31.03.2006
<b>VIII.</b>	<b>INVESTMENTS - (AT COST)</b>		
	<b>QUOTED INVESTMENTS</b>		
	Trade	3.11	3.11
	Non-trade	159.16	166.10
		<u>162.27</u>	<u>169.21</u>
	(a)		
	<b>UNQUOTED INVESTMENTS</b>		
	Trade	12.79	2.99
	Add: Pro-rata equity interest in associate (net)	0.82	1.03
	Less: Pre-acquisition loss of associate	5.29	-
	Non-trade	1.05	1.05
		<u>9.37</u>	<u>5.07</u>
	(b)		
	<b>Total investments</b>	<u>171.64</u>	<u>174.28</u>
	(a+b)		
	<b>Short term investments</b>	126.87	133.17
	<b>Long term investments</b>	44.77	41.11
		<u>171.64</u>	<u>174.28</u>
	<b>Aggregate market value of quoted investments</b>	196.50	204.29
<b>IX.</b>	<b>INVENTORIES</b>		
	Raw materials and components *	170.43	122.37
	Work-in-process *	36.26	29.74
	Finished goods *	167.65	200.56
	Stores *	106.32	91.01
	Goods-in-transit at cost	57.61	23.02
	Traded items at cost	4.24	2.01
		<u>542.51</u>	<u>468.71</u>
	* At lower of weighted average cost or net realisable value, as prescribed in Accounting Standard 2 issued by The Institute of Chartered Accountants of India.		
<b>X.</b>	<b>SUNDRY DEBTORS-UNSECURED-CONSIDERED GOOD</b>		
	Debts outstanding for a period exceeding six months	88.52	31.71
	Less: Provision for bad and doubtful debts	5.30	4.11
		<u>83.22</u>	<u>27.60</u>
	Other debts	201.32	167.54
		<u>284.54</u>	<u>195.14</u>
<b>XI.</b>	<b>CASH AND BANK BALANCES</b>		
	Cash, cheques and stamps on hand	3.64	3.36
	<b>With scheduled banks</b>		
	Current accounts	27.40	36.46
	Term deposit account	166.20	152.42
	Cash credit account	3.02	6.45
	<b>With others</b>		
	Current account with Bank of America, Chicago,USA	0.19	0.19
	Industrial and Commercial Bank of China,Shanghai,China	-	0.01
		<u>200.45</u>	<u>198.89</u>
<b>XII.</b>	<b>OTHER CURRENT ASSETS</b>		
	Interest accrued on investments and deposits	0.87	1.20
	Investments held as current assets	-	0.01
		<u>0.87</u>	<u>1.21</u>

Consolidated schedules (Continued)

		(Rupees in crores)	
		As at/ Year ended 31.03.2007	As at/ Year ended 31.03.2006
<b>XIII.</b>	<b>LOANS AND ADVANCES</b>		
	Secured, considered good	139.63	114.20
	Unsecured, considered good		
	Inter corporate advances	17.89	29.19
	Tax deducted at source and advance tax - net of provisions	28.89	4.27
	Advances recoverable in cash or in kind or for value to be received	414.04	344.09
	Deposits	21.12	8.47
	Mortgage loan and short term financing	1.78	2.13
		<u>623.35</u>	<u>502.35</u>
<b>XIV.</b>	<b>CURRENT LIABILITIES</b>		
	Sundry creditors	725.28	676.78
	Interest accrued but not due on loans	4.02	4.78
	Unexpired service contracts	1.88	2.63
	Other liabilities	54.05	54.33
		<u>785.23</u>	<u>738.52</u>
<b>XV.</b>	<b>PROVISIONS</b>		
	Interim dividend payable	-	11.38
	Proposed final dividend	3.80	15.58
	Dividend tax	1.49	3.78
	Pension	53.97	55.39
	Leave salary	7.50	7.31
	Warranty	16.83	16.15
	Provision for staff benefit scheme	0.95	0.63
	Provision as per Reserve Bank of India norms	8.70	7.37
	Diminution in value of shares	9.87	0.20
	Others	2.83	3.44
		<u>105.94</u>	<u>121.23</u>
<b>XVI.</b>	<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted )		
	Expenditure pending allocation	-	27.71
	New product launch expenses	52.32	58.00
	Share issue and preliminary expenses	0.01	0.97
	Upfront fee on foreign currency loans	6.22	7.83
		<u>58.55</u>	<u>94.51</u>
<b>XVII.</b>	<b>OTHER INCOME</b>		
	Sale of scrap & empties	11.48	5.90
	Lease rent	0.24	0.24
	Management services	0.48	0.48
	Profit on sale of assets	5.24	2.48
	Dividend	15.26	7.24
	Profit on sale of investments	10.65	24.87
	Miscellaneous income	40.13	53.68
	Rent receipts	0.01	-
	Software Development charges earned	4.32	4.19
		<u>87.81</u>	<u>99.08</u>



**Consolidated accounts of Sundaram-Clayton Limited and its subsidiaries**

**Consolidated schedules (Continued)**

(Rupees in crores)

**Year ended**      **Year ended**  
**31.03.2007**      **31.03.2006**

**XVIII. MATERIALS CONSUMED**

Opening stock :			
Raw materials		122.37	97.69
Work-in-process		29.74	29.55
Finished goods		200.56	122.48
		<u>352.67</u>	<u>249.72</u>
Add : Purchases		3,357.94	2,765.64
Total	(a)	<u>3,710.61</u>	<u>3,015.36</u>
Less : Closing stock :			
Raw materials		170.43	122.37
Work-in-process		36.26	29.74
Finished goods		167.65	200.56
Total	(b)	<u>374.34</u>	<u>352.67</u>
Net (a)-(b)		<u>3,336.27</u>	<u>2,662.69</u>

**XIX. COST OF TRADED ITEMS**

Opening stock :		2.01	3.84
Add : Purchases		47.97	21.47
Total		49.98	25.31
Less : Closing stock		4.24	2.01
Net		<u>45.74</u>	<u>23.30</u>

**XX. SALARIES & WAGES, STORES CONSUMED AND OTHER EXPENSES**

Salaries, wages and bonus		247.96	214.57
Contribution to provident and other funds		22.00	25.48
Workmen and staff welfare expenses		40.28	36.92
Stores and tools consumed		86.24	80.06
Power and fuel		76.08	67.02
Rent		10.44	7.53
Rates and taxes		22.54	31.09
Repairs and maintenance			
Building		12.48	12.38
Machinery		40.29	36.48
Other assets		5.92	4.90
Insurance		6.03	5.01
Directors' sitting fees		0.14	0.13
Commission to independent directors		0.18	0.22
Audit fees (including service tax)		0.85	0.65
Packing and forwarding		146.08	110.99
Advertisement and publicity		165.93	133.18
Other marketing expenses		116.95	142.67
Sales commission		9.04	21.37
Cash discount		0.42	0.50
Research and development		5.54	3.46
Loss on sale of fixed assets		1.40	6.40
Other expenses		212.88	137.50
Miscellaneous expenditure written off		1.88	1.72
		<u>1,231.55</u>	<u>1,080.23</u>

**XXI NOTES ON ACCOUNTS**

**ACCOUNTING POLICIES ADOPTED IN THE PREPARATION OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2007.**

**A Principles of consolidation**

The consolidated accounts relate to Sundaram-Clayton Ltd (parent company) and its subsidiary companies and have been prepared in accordance with Accounting Standard (AS 21) "Consolidated Financial Statements issued by The Institute of Chartered Accountants of India".

The consolidated accounts have been prepared based on line-by-line consolidation by adding together the book values of like items of assets, liabilities, income and expenses as per the accounts of the parent company and its subsidiaries duly certified by the auditors of the respective companies. Intra – group balances, intra – group transactions and the unrealised profit on stocks arising out of intra – group transactions have been eliminated.

The consolidated accounts have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parent company's individual accounts.

The excess of cost of parent company's investments over parent company's portion of equity in subsidiaries is treated as goodwill and in case where the parent company's share in subsidiaries' equity is more than the cost of investment in subsidiaries, the excess is treated as capital reserve.

The result of the operations of a subsidiary have been recognised in the consolidated financial statement until the date of cessation of the relationship.

**B The subsidiary companies considered in the consolidated accounts are:**

Name of the subsidiary company	Country of Incorporation	Shareholding as on	Extent of holding (%)	
			Direct	Indirect
Anusha Investments Ltd	India	31.03.2007	100.00	–
TVS Investments Ltd	India	31.03.2007	100.00	–
TVS Electronics Ltd	India	31.03.2007	–	59.72
Auto (India) Engineering Ltd (now known as WABCO-TVS (India) Ltd)	India	31.03.2007	100.00	–
TVS Motor Company Ltd	India	31.03.2007	8.84	47.99
Sundaram Auto Components Ltd	India	31.03.2007	–	56.83
TVS Finance and Services Ltd	India	31.03.2007	–	58.17
Sravanaa Properties Ltd	India	31.03.2007	–	59.72
TVS Motor (Singapore ) Pte Ltd	Singapore	31.03.2007	–	56.83
TVS Motor Company (Europe) B V	Netherlands	31.03.2007	–	56.83
PT TVS Motor Company	Indonesia	31.12.2006	–	56.83
Padi Automotive Systems Ltd	India	31.03.2007	–	100.00

Harita Stocks Limited, Chennai which was a 100% subsidiary of the company merged with Anusha Investments Limited, Chennai with effect from 30<sup>th</sup> March 2007.

Name of the subsidiary company	Reporting date	No. of months between reporting date of parent company and its subsidiaries
PT TVS Motor Company	31.12.2006	3 months

**C Other Significant Accounting Policies**

Accounting Standards 1 to 29 (wherever applicable) issued by The Institute of Chartered Accountants of India have been duly considered while preparing the accounts of each company and the same have been explained in detail in the notes on accounts of the respective companies. These may be referred to. The statements made therein form part of the consolidated accounts. Accounts of subsidiaries located outside India have been



## Consolidated accounts of Sundaram-Clayton Limited and its subsidiaries

### CONSOLIDATED NOTES ON ACCOUNTS (continued)

(Rupees in crores)

As at / Year ended 31.03.2007	As at / Year ended 31.03.2006
-------------------------------------	-------------------------------------

#### 1 Sundry creditors include

a) Amount liable to be transferred to Investor Education and Protection fund:		
- Unpaid dividend	3.76	1.30
- Unclaimed deposits	–	0.14
b) Due to directors	1.97	1.64
c) Amount due to Small Scale Industrial units	30.80	40.58
d) Amount due to other industrial units	408.48	360.43

#### 2 Bank balance - in unpaid dividend account

- Balance lying with Non-scheduled banks	3.76	1.30
	0.04	148.08
(i) - HSBC Private Bank (Suisse) SA, Singapore		
- in 24 hrs. call deposit account	23.01	–
- in deposit account	43.39	–
(ii) The Hongkong and Shanghai Banking Corpn. Ltd, Hongkong		
- in deposit account	0.11	–

#### 3 Loans and advances include:

(a) Deposit with central excise	10.06	3.14
(b) Due from officer of the companies	0.05	0.05
(c) Deposits with sales tax	1.03	1.00
(d) Deposit with post office	0.03	0.03
(e) Maximum amount due from an officer of the company at any time during the year	0.05	0.08
(f) Loan from subsidiary company	5.71	15.55
(g) Loan due from a company under the same management	7.44	9.26

#### 4 Contingent liability not provided for

(a) On counter guarantees given to bankers	5.24	7.67
(b) On letters of credit opened with bankers	54.93	86.29
(c) On partly paid shares	0.01	0.18
(d) Estimated amount of contracts remaining to be executed on capital account	92.76	43.27
(e) On guarantees furnished on behalf of employees	1.27	1.29
(f) On account of future export obligations (under Export Promotion Capital Goods Scheme)	80.30	48.06
(g) On bills discounted	81.59	66.80
(h) Others	78.87	99.94

#### 5 Tax deducted at source on

a) Interest receipts	2.91	1.22
b) Service Charges	0.67	0.61
c) Rent	0.02	0.01
d) Contract income	1.07	0.92
e) Other income	1.20	0.04



CONSOLIDATED NOTES ON ACCOUNTS (continued)

	(Rupees in crores)	
	As at / Year ended 31.03.2007	As at / Year ended 31.03.2006
<b>6 Repairs include</b>		
a) Stores consumed	18.91	18.45
b) Wages	3.21	2.99
<b>7 Interest paid comprises of</b>		
a) Interest on fixed loans	55.00	47.42
b) Interest - Others	44.41	11.32
Less: Interest receipts (gross) on loans, advances, deposits and investments	18.64	9.23
	<b>80.77</b>	<b>49.51</b>
<b>8 Liability contested and not provided for</b>		
a) Excise duty	13.44	4.76
b) Income tax	54.70	42.29
c) Sales tax	2.73	4.81
d) Employees State Insurance	-	2.63
e) Others	0.76	1.24
f) Service tax	9.53	-
g) Customs	1.13	-
h) Electricity Tax	0.45	0.15
i) Employee settlement claims	0.05	0.05
j) Land acquisition	0.25	0.25
<b>9 Depreciation</b>		
* Including lease equalisation charges Rs. (-)1.09 crores (last year - Rs. 0.47 crores)	133.37	136.06
<b>10</b> Loss on sale of investments netted against profit on sale of investments	2.38	1.85
<b>11</b> Last year's figures have been regrouped wherever necessary to conform to this year's classification		

**Consolidated Notes on Accounts (Continued)**

**12 Segment revenues, results and other information**

Information about primary business segments

Rupees in crores

Particulars	Business segment											
	Automotive components		Two wheelers		Computer peripherals		Financial Services		Others		Total	
	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006
External sales-domestic - exports	617.73	507.41	3,670.02	3,122.46	221.86	225.75	38.61	40.96	4.02	-	4,552.24	3,896.58
Inter segment sales	150.34	97.15	253.99	180.68	52.59	36.75	-	-	-	-	456.92	314.58
Total sales	206.18	199.40	-	-	0.01	-	-	-	-	-	206.19	199.40
Less: Inter segment sales	974.25	803.96	3,924.01	3,303.14	274.46	262.50	38.61	40.96	4.02	-	5,215.35	4,410.56
Net Revenue	206.18	199.40	-	-	0.01	-	-	-	-	-	206.19	199.40
Segment results before interest and tax	768.07	604.56	3,924.01	3,303.14	274.45	262.50	38.61	40.96	4.02	-	5,009.16	4,211.16
Add: Inter segment revenue	137.54	104.16	120.15	175.58	9.50	8.88	14.89	11.68	(25.34)	0.29	256.74	300.59
Less: Interest											-0.02	3.78
Profit before tax											80.77	49.50
Taxes											175.95	254.87
Profit after tax											57.96	84.35
Segment Assets	743.85	643.95	1,992.53	1,854.60	166.64	168.37	583.20	484.38	88.51	47.08	3,574.73	3,198.38
Segment Liabilities	429.44	357.95	1,260.31	971.94	138.44	139.02	440.31	351.81	-	45.71	2,268.50	1,866.43
Total cost incurred during the year to acquire segment assets	83.73	121.32	130.04	102.43	2.63	5.41	11.04	1.01	1.72	45.00	229.16	275.17
Segment Depreciation	37.01	31.43	87.60	93.91	7.02	7.43	1.71	3.29	0.03	-	133.37	136.06
Non-cash expenses other than depreciation	0.03	0.03	1.88	1.72							1.91	1.75

Notes :

The company and its subsidiaries cater mainly to the needs of the domestic market. The export turnover is not significant in the context of the total turnover. As such there are no reportable geographical segments. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

CONSOLIDATED NOTES ON ACCOUNTS (continued)

Related party disclosures

13 (a) List of Related Parties:

<b>Associate Companies</b>	(a)	T.V.Sundram Iyengar & Sons Limited, Madurai
	(b)	Sundaram Industries Limited, Madurai
	(c)	Southern Roadways Limited, Madurai
	(d)	Sundram Non Conventional Energy Systems Limited, Chennai
	(e)	Harita TVS Technologies Limited, Chennai
<b>Key Management Personnel</b>		
Mr Venu Srinivasan	(a)	<b>Managing director</b> Sundaram-Clayton Limited
	(b)	<b>Chairman and managing director</b> TVS Motor Company Limited
Mr Gopal Srinivasan		<b>Joint managing director</b> Sundaram-Clayton Limited
		<b>Wholetime director</b> TVS Electronics Limited (without remuneration)
Mr H Lakshmanan		<b>Wholetime director</b> Anusha Investments Limited

Details of remuneration to key management personnel are disclosed in the respective company's account and shall be deemed to form part of this statement.

13 (b) Particulars of transactions with related parties during the year 2006-2007.

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Amount
1	Purchase of goods	Sundaram Industries Ltd, Madurai	10.20 (7.71)
2	Sale of goods (including sub contract charges received)	T V Sundram Iyengar & Sons Ltd, Madurai	8.65 (13.01)
3	Rendering of services	Sundaram Industries Limited, Madurai	0.03 (0.02)
4	Receiving of services	T V Sundram Iyengar & Sons Ltd, Madurai Harita TVS Technologies Limited, Chennai Southern Roadways Ltd, Madurai Sundram Non Conventional Energy Systems Ltd, Chennai	0.30 0.58 0.21 0.56 1.65 (0.84)
5	Lease rent received	Sundram Non Conventional Energy Systems Ltd, Chennai	0.24 (0.24)
6	Receivables	T V Sundram Iyengar & Sons Ltd, Madurai Southern Roadways Ltd, Madurai	1.90 0.01 1.91 (1.32)
7	Payables	Sundaram Industries Ltd, Madurai Harita TVS Technologies Ltd, Chennai	0.02 0.02 0.04 (1.09)



14. Consolidated Cash Flow Statement for the year ended 31st March 2007

		(Rupees in crores)	
		Year ended 31.03.2007	Year ended 31.03.2006
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Profit before tax and extraordinary items	175.97	253.08
	Adjustments for :		
	Depreciation & Lease equalisation charges (net)	117.92	136.06
	Profit / Loss on sale of fixed assets	(5.24)	(2.48)
	Profit / Loss on sale of investments	(10.65)	(24.87)
	Dividend received	(15.26)	(7.24)
	Interest & Finance charges(net)	80.77	49.51
	Operating profit before working capital changes (a)	<u>343.51</u>	<u>404.06</u>
	Adjustments for :		
	Inventories	(73.80)	(144.12)
	Sundry debtors	(89.40)	(18.62)
	Other current assets	2.19	(0.62)
	Loans & advances	(96.38)	(55.16)
	Current liabilities and provisions	56.87	107.43
	Deferred revenue expenditure	35.96	(24.99)
	Sub-total (b)	<u>(164.56)</u>	<u>(136.08)</u>
	Sub-total (a) + (b)=( c)	<b>178.95</b>	267.98
	Interest paid & Finance Charges	(99.41)	(58.06)
	Direct taxes paid	(75.10)	(92.72)
	Net cash from operating activities (d)	<u>4.44</u>	<u>117.20</u>
<b>B</b>	<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
	Additions to fixed assets	(450.28)	(275.38)
	Deletion to fixed assets (net)	37.13	47.28
	Profit / Loss on sale of fixed assets	5.24	2.48
	Redemption / (Purchase) of Investments	2.43	(65.64)
	Profit on sale of investments	10.65	24.87
	Interest received	18.64	8.55
	Dividend received	15.26	7.24
	Net cash used in investing activities (e)	<u>(360.93)</u>	<u>(250.60)</u>

Cash Flow Statement (continued)

		(Rupees in crores)	
		Year ended 31.03.2007	Year ended 31.03.2006
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Long term borrowings	30.29	190.54
	Short term borrowings	393.46	57.92
	Dividend paid (including dividend tax)	(65.71)	(38.52)
	Net cash from financing activities	(f) <u>358.04</u>	<u>209.94</u>
<b>D</b>	<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(d) + (e) + (f) 1.55	76.54
	Opening cash and cash equivalents	198.89	122.35
	Closing cash and cash equivalents as at 31st March 2007	<u>200.45</u>	198.89

Note:

The above statement has been prepared in indirect method except in case of dividend and investments which have been considered on the basis of actual movement of cash.

SURESH KRISHNA  
Chairman

venu srinivasan  
Managing Director

As per our report annexed  
For SUNDARAM & SRINIVASAN  
Chartered Accountants

Chennai  
August 10, 2007

V N VENKATANATHAN  
Sr. Vice-President-Finance

S MURALIDHARAN  
Secretary

M BALASUBRAMANIAM  
Partner



**Consolidated accounts of Sundaram-Clayton Limited and its subsidiaries**

**ANNEXURE TO CONSOLIDATED ACCOUNTS OF THE COMPANY AND ITS SUBSIDIARIES FURNISHED IN TERMS OF CENTRAL GOVERNMENT'S APPROVAL UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 VIDE ITS LETTER NO. 47/218/2007-CL-III DATED 9th JULY, 2007**

Particulars	Name of subsidiaries											
	TVS Motor Company Limited Year ended 31.03.2007	Sundaram Auto Components Limited Year ended 31.03.2007	TVS Finance and Services Limited Year ended 31.03.2007	TVS Electronics Limited Year ended 31.03.2007	Anusha Investments Limited Year ended 31.03.2007	TVS Investments Limited Year ended 31.03.2007	TVS Motor Company (Europe) BV Year ended 31.03.2007	TVS Motor (Singapore) Pte. Limited Year ended 31.03.2007	PT TVS Motor Co. Indonesia Year ended 31.12.2006	Sravanaa Properties Limited Year ended 31.03.2007	Padi Automotive Systems Ltd Year ended 31.03.2007	WABCO-TVS (INDIA) Limited Year ended 31.03.2007
Reporting Currency	INR	INR	INR	INR	INR	INR	US Dollars	Singapore Dollars	Indonesia Rupiah	INR	INR	INR
	Rupees in Crores											
(a) Capital	23.75	3.70	111.71	17.67	5.00	27.19	91.63	30.51	132.77	0.55	0.05	0.05
(b) Reserves	785.52	21.64	3.23	23.71	30.00	17.41	7.09	2.54	9.12	(0.05)	—	(0.01)
(c) Total assets	1,601.84	63.21	448.63	132.44	35.00	44.63	98.72	33.05	134.87	0.50	0.05	1.23
(d) Total liabilities	1,601.84	63.21	448.63	132.44	35.00	44.63	98.72	33.05	134.87	0.50	0.05	1.23
(e) Details of investment (*)	205.10	0.52	2.42	16.37	27.33	10.00	—	—	—	—	—	—
(f) Turnover including other income	3,928.19	135.69	53.35	277.14	18.03	0.80	—	—	—	0.03	—	—
(g) Profit before taxation	90.85	6.92	(9.58)	1.86	17.85	(9.13)	(0.42)	(0.03)	3.82	(0.02)	—	(0.01)
(h) Provision for taxation	24.25	2.55	0.10	—	0.27	0.12	—	—	(6.24)	—	—	—
(i) Profit after taxation	66.60	4.37	(9.68)	1.86	17.58	(9.25)	(0.42)	(0.03)	10.06	(0.02)	—	(0.01)
(j) Proposed dividend	3.56	—	—	1.33	—	—	—	—	—	—	—	—

(\*) except in case of investment in subsidiaries

The financial statements of subsidiaries whose reporting currency are other than INR are converted into Indian Rupees on the basis of appropriate exchange rate.

Note: The above details are extracted from the audited annual accounts of respective companies.

# Sundaram-Clayton Limited

Regd. Office : "Jayalakshmi Estates"  
29 (Old No. 8), Haddows Road,  
Chennai - 600 006.

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Name of the attending member \_\_\_\_\_

DP Id.\* \_\_\_\_\_ Client Id\* \_\_\_\_\_

Folio No.\*\* \_\_\_\_\_ No. of shares \_\_\_\_\_

Name of proxy \_\_\_\_\_  
(If proxy attends instead of member)

I hereby register my presence at the annual general meeting.

Venue : The Music Academy  
168, (Old No. 306) T T K Road  
Chennai 600 014

Date : 3<sup>rd</sup> October 2007

Time : 10.30 a.m.

\_\_\_\_\_  
*Signature of member/proxy*

\* Applicable for investors holding shares in electronic form.

\*\* Applicable for investors holding shares in physical form.

## REQUEST TO MEMBERS

1. Members and their proxies/bodies corporate should bring the attendance slip duly filled in for attending the meeting.
2. Members are requested to avoid being accompanied by non-members and/or children.
3. Members are requested to bring their copies of annual report to the meeting as the company is unable to provide another copy in view of the increased cost of paper.
4. Members are requested to be in their seats at the meeting hall before the scheduled time for commencement of the annual general meeting to avoid interruption in the proceedings.
5. Members who are holding shares in physical form are requested to intimate the Share Transfer Department of the company changes, if any, in their registered address.
6. Members intending to appoint proxies are requested to complete the proxy form sent herewith and deposit the same with the Share Transfer Department, at least 48 hours before the time fixed for holding the meeting.
7. If you and/or your family members are receiving more than one copy of the annual report and other communications and would like to avoid duplication, kindly advise to enable us to mail only one copy. This will help us to avoid wastage.
8. In the case of shares held in electronic form, the beneficial owners are advised to bring the identity card issued by the depository participant.

----- Tear here -----

# Sundaram-Clayton Limited

Regd. Office : "Jayalakshmi Estates"  
29 (Old No. 8), Haddows Road,  
Chennai - 600 006.

**PROXY FORM**

DP Id.\* \_\_\_\_\_ Client Id.\* \_\_\_\_\_ Folio No. \*\* \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a Member/Members of SUNDARAM- CLAYTON LIMITED hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to attend and vote for me/us on my/our behalf at the annual general meeting of the company to be held on Wednesday the 3<sup>rd</sup> October 2007 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2007.

For Office use	
Proxy No.	
Date of receipt	
No. of shares	

Revenue  
Stamp

N.B.: The instrument appointing proxy should be deposited with the Share transfer department at least 48 hours before the commencement of the meeting

\* Applicable for investors holding shares in electronic form.

\*\* Applicable for investors holding shares in physical form.

Please fill in the particulars, viz. Folio No./DP Id/Client Id as given in the address slip.



