

*Sundaram-Clayton Limited*

*50th Annual Report 2012*

## Sundaram-Clayton Limited

### Board of Directors

venu srinivasan  
Chairman & Managing Director

K MAHESH

GOPAL SRINIVASAN

T K BALAJI

DR LAKSHMI VENU

Director - Strategy

VICE ADMIRAL P J JACOB (Retd.)

SURESH KUMAR SHARMA

S SANTHANAKRISHNAN

V SUBRAMANIAN

SUDARSHAN VENU

R VIJAYARAGHAVAN

KAMLESH GANDHI

### Audit Committee

VICE ADMIRAL P J JACOB (Retd.)  
Chairman

T K BALAJI

V SUBRAMANIAN

S SANTHANAKRISHNAN

### Investors' Grievance Committee

venu srinivasan

K MAHESH

T K BALAJI

### Executive Director

H LAKSHMANAN

### Group President & Chief Executive Officer - Automotive Products Division

C N PRASAD

### President - Die Casting Division

P H NARAYANAN

### Executive Vice President - Finance

V N VENKATANATHAN

### Company Secretary

R RAJA PRAKASH

### Bankers

STATE BANK OF INDIA  
Corporate Accounts Group Branch  
3<sup>rd</sup> Floor, Sigapi Achi Building  
18/3, Rukmini Lakshmipathi Road  
Egmore, Chennai - 600 008.

STATE BANK OF MYSORE  
Industrial Finance Branch  
576, Anna Salai, Teynampet  
Chennai - 600 006.

### Auditors

SUNDARAM & SRINIVASAN  
Chartered Accountants  
New No. 4 (Old No. 23)  
Sir C.P. Ramaswamy Road  
Alwarpet, Chennai - 600 018.

### Listing of shares with

Madras Stock Exchange Limited  
National Stock Exchange of India Limited  
Bombay Stock Exchange Limited

### Registered Office

"Jayalakshmi Estates"  
No. 29 (Old 8) Haddows Road  
Chennai - 600 006, Tamil Nadu, India.  
Tel. : 044 - 2827 2233  
Fax : 044 - 2825 7121

### Share Transfer Department

No. 22 (Old 31) Railway Colony 3<sup>rd</sup> Street  
Mehta Nagar, Chennai - 600 029,  
Tamil Nadu, India.  
Tel. : 044 - 2374 1889  
044 - 2374 2939  
Fax : 044 - 2374 1889  
E-mail : [kr.raman@scl.co.in](mailto:kr.raman@scl.co.in)  
[sclshares@gmail.com](mailto:sclshares@gmail.com)  
[investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@scl.co.in)  
[r.rajaprakash@scl.co.in](mailto:r.rajaprakash@scl.co.in)

### Factories

#### Chennai

Padi, Chennai - 600 050, Tamil Nadu, India.  
Tel. : 044 - 2625 8212  
Fax : 044 - 2625 7177

Mahindra World City  
Plot No. AA8, Central Avenue  
Auto Ancillary SEZ  
Kancheepuram - 603 002, Tamil Nadu, India.  
Tel. : 044 - 4749 0049

### Hosur

Hosur - Thally Road  
Belagondapalli  
Hosur - 635 114, Tamil Nadu, India.  
Tel. : 04347 - 233 445  
Fax : 04347 - 233 014

### Website

[www.sundaramclayton.com](http://www.sundaramclayton.com)

### Subsidiary Companies

TVS Motor Company Limited, Chennai  
TVS Motor Company (Europe) B.V., Amsterdam  
TVS Motor (Singapore) Pte Limited, Singapore  
PT.TVS Motor Company Indonesia, Jakarta  
Sundaram Auto Components Limited, Chennai  
TVS Housing Limited, Chennai  
TVS Energy Limited, Chennai  
TVS Wind Power Limited, Chennai  
TVS Wind Energy Limited, Chennai  
Sundaram Engineering Products Services  
Limited, Chennai  
Sundaram Business Development Consulting  
(Shanghai) Co. Limited, China  
Sundaram-Clayton (USA) Limited

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## Sundaram-Clayton Limited

### FINANCIAL HIGHLIGHTS INCLUDING SELECTED INDICATORS AND RATIOS

(Rupees in crores)

Year ended	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sales	299.1	417.4	536.3	629.3	816.2	426.9	492.4	492.7	805.7	1017.0
Other income	24.2	28.4	32.5	45.3	48.6	34.5	36.3	46.3	22.2	34.2
Exceptional Income	-	-	-	-	-	-	-	-	-	25.3
Total Income	323.3	445.8	568.8	674.6	864.8	461.4	528.7	539.0	827.9	1076.5
Gross profit before interest, depn & tax	59.0	82.1	101.6	141.1	176.1	73.9	60.1	71.8	107.8	166.7
Depreciation	12.0	15.3	21.4	26.9	32.8	27.7	31.0	37.6	40.8	47.3
Profit before interest & tax	47.0	66.9	80.2	113.2	143.3	46.2	29.1	34.2	67.0	119.4
Interest	-1.3	0.5	3.8	7.9	15.2	10.8	22.1	20.5	21.7	38.4
Profit before taxation	48.3	65.4	76.3	105.3	128.1	35.4	7.0	13.7	45.3	81.0
Profit after taxation	36.1	46.0	53.4	74.9	91.6	23.9	6.3	12.4	37.3	72.3
Net Fixed assets	124.8	183.8	275.1	302.5	326.4	240.2	304.3	307.4	366.1	395.0
Net current assets	28.1	23.4	30.4	77.0	170.6	213.7	219.0	172.6	212.6	242.9
Share capital	18.9	18.9	18.9	18.9	18.9	9.5 <sup>(a)</sup>	9.5	18.9 <sup>(b)</sup>	18.9	9.5 <sup>(c)</sup>
Reserves & surplus	158.2	187.1	221.1	270.5	325.2	226.6	221.9	225.4	241.3	273.7
Net worth	177.1	206.0	240.0	289.4	344.1	236.1	231.4	244.3	260.2	283.2
Loan funds	8.9	44.8	109.2	146.1	215.8	267.4	339.3	288.7	359.5	389.7
Deferred taxation (net)	10.1	11.3	13.4	15.4	19.4	19.8	19.9	20.3	21.7	20.0
EPS (Rs)	19.00	24.25	28.08	39.26	48.06	12.61	3.34	3.26	9.82	30.13
DPS (Rs)	6.50	8.00	9.00	12.00	17.0	8.75	2.00	1.75	5.75	11.5
Book value per share (Rs)	93.40	108.63	126.53	152.57	181.41	127.48	122.00	64.41	68.60	149.30
Return on capital employed (ROCE) %	25.5	29.2	25.7	28.1	27.8	8.4	5.2	6.0	11.2	17.9
Return on net worth (RONW) %	21.7	24.0	23.9	28.3	28.9	8.2	2.7	5.2	14.8	26.6
Fixed assets turnover (no of times)	2.7	2.7	2.3	2.2	2.6	1.5	1.8	1.6	2.4	2.7
Working capital turnover (no of times)	11.4	16.2	20.0	11.7	6.6	2.2	2.3	2.5	4.2	4.5
Gross profit as % of sales (EBITDA)	19.7	19.7	18.9	22.4	21.6	17.3	12.2	14.6	13.4	13.9 <sup>#</sup>
Gross profit as % of total income	18.3	18.4	17.9	20.9	20.4	16.0	11.4	13.3	13.0	13.4 <sup>#</sup>
Net profit as % of total income	11.2	10.3	9.4	11.1	10.6	5.2	1.2	2.3	4.5	4.5 <sup>#</sup>

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

RONW is profit after tax divided by average network

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.

(a) During 2007-08, the face value of share has been reduced from Rs.10 to Rs.5 per share in view of de-merger of brakes division of the Company. Hence, figures of 2007-08 are not comparable with that of previous years' in view of demerger of brakes division of the Company

(b) Bonus issue of 1:1 in 2009

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

# Profitability ratios of 2011-12 are calculated without considering the exceptional income of Rs.25.3 crores

Notes:

- 2011-12 financials have been prepared giving effect to composite scheme of arrangement between Sundaram-Clayton Limited, Anusha Investments Limited and Sundaram Investment Limited as approved by the Hon'ble High Court of Judicature at Madras. Hence, the figures of 2011-12 are not comparable with that of previous years.
- The figures for 2011-12 and 2010-11 are based on the Revised Schedule VI classifications. The figures upto 2009-10 are based on the respective year's reported results.

## Sundaram-Clayton Limited

### Notice to the Shareholders

NOTICE is hereby given that the fiftieth 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 Thursday, the 29<sup>th</sup> day of November 2012 at 10.00 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 2012 and the statement of profit and loss 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 Mr T K Balaji, director, who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as a director of the Company.

3. To consider 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 offers himself 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 V Subramanian, director, who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as a director of the Company.

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

RESOLVED THAT Dr Lakshmi Venu, director, who retires by rotation and being eligible offers herself for re-appointment, be and is hereby re-appointed as a director of the Company.

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

RESOLVED THAT the retiring statutory auditors M/s.Sundaram & Srinivasan, Chartered Accountants, Chennai having Firm Registration No. 004207S issued by The Institute of Chartered Accountants of India, 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.

#### SPECIAL BUSINESS

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

RESOLVED THAT Mr R Vijayaraghavan, who was appointed as an additional director of the Company and who holds office upto the date of this annual general meeting, as per the provisions of the Companies Act, 1956, be and is hereby appointed as a director of the Company, subject to retirement by rotation.

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

RESOLVED THAT Mr Kamlesh Gandhi, who was appointed as an additional director of the Company and who holds office upto the date of this annual general meeting, as per the provisions of the

Companies Act, 1956, be and is hereby appointed as a director of the Company, subject to retirement by rotation.

9. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

"RESOLVED THAT, pursuant to the provisions of Section 314 and other applicable provisions, if any of the Companies Act, 1956 ("the Act") (including any statutory modifications or re-enactment thereof for the time being in force), consent be and is hereby accorded to Mr Sudarshan Venu, director and a relative of the chairman & managing director and director - strategy of the Company, for holding and continuing to hold an office of profit as vice-president of TVS Motor Company Limited (TVSM), a subsidiary of the Company, effective 1<sup>st</sup> December 2011 on a remuneration not exceeding Rs.2,50,000/- per month and on such terms and conditions that may be applicable to the similarly placed executives of TVSM.

By order of the board

Chennai  
28<sup>th</sup> August 2012

R Raja Prakash  
Company Secretary

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

#### Notes:

- 1) **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 of attorney or other authority shall be deposited at the registered office of the Company, not later than 48 hours before the time fixed for holding the meeting.**
- 2) The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business as set out in the Notice is annexed hereto.
- 3) The register of members and the share transfer register will remain closed for two days viz., 28<sup>th</sup> November 2012 and 29<sup>th</sup> November 2012, for the purpose of Annual General Meeting of the Company.
- 4) 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 on due dates to the Investor Education and Protection Fund (IEPF), established by the Central Government. The particulars of due dates for transfer of such unclaimed dividends to IEPF are furnished in the report on corporate governance, forming part of the annual report.

Members who have not encashed their dividend warrants in respect of the above periods are requested to make their claim(s) by surrendering the unencashed warrants immediately to the Company.

Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with companies) Rules 2012, the Company shall provide / host the required details of unclaimed amounts referred to under Section 205C(2) of the Act on its website and also in the website of the Ministry of Corporate Affairs (MCA) in the relevant form every year. For the financial year ended 31<sup>st</sup> March 2011, the above information has already been filed by the Company.

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- 5) Members holding shares in physical form, in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding / trading.
- 6) Members are requested to notify to the Company any change in their address immediately. Members holding shares in electronic form are requested to advise change of correspondence and email addresses 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) The Company would be holding the annual general meeting for the year 2012 after 30<sup>th</sup> September 2012, subject to approval of the Registrar of Companies, Chennai, Tamil Nadu.
- 10) In terms of clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief resume of directors who are proposed to be re-appointed / appointed in this annual general meeting, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholdings and relationships with other directors in the Company are given below:

### I. Mr 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 was 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 does not hold any share in the Company and is not related to any director of the Company in terms of the Companies Act, 1956. He is a member of the audit committee and investors' grievances committee of directors of the Company. Details of his other directorships and memberships/chairmanships of committees are given below:

S. No.	Name of the Company	Position held	Committee memberships/ chairmanships
1.	India Nippon Electricals Limited	Chairman	Investors' Grievance Committee - Chairman
2.	Lucas-TVS Limited	Managing director	-
3.	Delphi-TVS Diesel Systems Limited	Managing director	-
4.	Lucas Indian Service Limited	Director	-
5.	T V Sundram Iyengar & Sons Limited	Director	-
6.	Titan Industries Limited	Director	Audit Committee - Member Remuneration Committee - Chairman
7.	Apollo Hospitals Enterprise Limited	Director	-
8.	TVS Automotive Systems Limited	Director	-
9.	TVS Investments Limited	Director	-

10.	TVS Credit Services Limited	Director	-
11.	India Japan Lighting Private Limited	Chairman	-
12.	Punarvasu Swasthi Private Limited	Director	-
13.	Hastham Swasthi Private Limited	Director	-
14.	Harita Electronics Private Limited	Director	-

### II. Mr K Mahesh

Born on 11<sup>th</sup> October 1943, Mr K Mahesh is a B.Tech graduate in metallurgy. He was the past president of Automotive Component Manufacturers Association of India (ACMA) 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 holds 246 equity shares in the Company and is not related to any director of the Company. He is a member of the investors' grievances committee of directors of the Company. Details of his other directorships and memberships/chairmanships of committees are given below:

S. No.	Name of the Company	Position held	Committee memberships/ chairmanships
1.	T V Sundram Iyengar & Sons Limited	Whole-time Director	-
2.	Sundaram Textiles Limited	Director	-
3.	Southern Roadways Limited	Director	-
4.	Sundaram Brake Linings Limited	Chairman and Managing Director	Investors' Grievance Committee - Member
5.	Sundaram Industries Limited	Director	-
6.	TVS Global Trade Private Limited	Director	-

### III. Mr V Subramanian

Born on 17<sup>th</sup> June 1948, Mr Subramanian is a B.Com from University of Madras and Certified Associate of Indian Institute of Bankers, Bombay.

He joined the premier Indian Administrative Service in 1971 (West Bengal Cadre). He also served as Secretary to the Government of India in Ministry of New and Renewable Energy.

In recognition of expertise and experience in dealing with foreign exchange management in India, he was appointed Adviser on Loan and Grant Management to the Government of Mozambique, Maputo by Commonwealth Secretariat, London for two and half years. During the stint with Ministry of Finance, he had dealt with public sector projects in the areas of transport, steel & mines, fertilizers, welfare, etc., external commercial borrowings, exchange control and bilateral aid. He successfully negotiated and finalized loans for public sector enterprises and took initiative of taking Indian PSEs to the bond markets of Japan, Germany and Switzerland to access low cost funds.

He has occupied many key senior positions in Government of India and the Government of West Bengal during his career of 37 years. Presently, he is the Secretary General of the Indian Wind Energy Association, a non-governmental body formed by the wind energy generating companies and equipment manufacturers. He is also the Business Development Adviser to the Council for Industrial and Scientific Research at New Delhi. He also offers consultancy to various companies in the field of renewable energy.

His vast experience spans over different fields like law and order, land management, development administration, welfare, energy,



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labour etc. He has also spent six months in Sri Lanka as Civilian Adviser to the IPKF for the restoration of civilian administration in Jaffna.

He is a member of the audit committee of directors of the Company.

He does not hold any share in the Company and is not related to any director of the Company.

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

S. No.	Name of the Company	Position held	Committee memberships/ chairmanships
1.	Mount Everest Mineral Water Limited	Director	Audit Committee - Member Investors' Grievance Committee - Member
2.	PTC Energy Limited	Director	Audit Committee - Member
3.	TVS Energy Limited	Director	Audit Committee - Member
4.	Titan Energy Systems Limited	Director	–
5.	Rural Electrification Corporation Limited	Director	–
6.	WindForce Management Services Private Limited	Director	–
7.	Lanco Solar Energy Private Limited	Director	–
8.	Gravitational Network Advisors Private Limited	Director	–
9.	Enfragy Solutions India Private Limited	Director	–

#### IV. Dr Lakshmi Venu

Born on 16<sup>th</sup> April, 1983, Dr Lakshmi Venu, a graduate of Yale University, holds a Doctorate in Engineering Management from the University of Warwick.

She underwent her initial training for three years as a Management Trainee in Sundaram Auto Components Limited, a subsidiary of the Company, beginning from 2003. She was deputed to work in TVS Motor Company Limited, another subsidiary of the Company, wherein she, pursuant to an extensive in-depth induction, was working in the areas of Business Strategy, Corporate Affairs, Product Design and Sales & Marketing.

She was co-opted as an additional director of the Company by the board on 22<sup>nd</sup> March 2010 and also as Director-Strategy in the rank of a managing director of the Company for a period of five years commencing from 22<sup>nd</sup> March, 2010.

She holds the position as director in Sundaram Auto Components Limited. She does not hold any position as a member of any committee of directors of any other company.

She does not hold any share in the Company and is related to Mr Venu Srinivasan, chairman & managing director and Mr Sudarshan Venu, director of the Company.

#### V. Mr R Vijayaraghavan

Born on 2<sup>nd</sup> January 1950, Mr R Vijayaraghavan is an advocate in Chennai and has been practicing law for over 20 years. He is the legal advisor to many business groups and is a member of board of

directors and audit committee of reputed companies. He has a vast breadth of experience in the fields of corporate law, mergers and acquisitions, tax laws, commercial aspects of doing business in India.

He holds a Master degree in Science from Madurai University and also Master degree in business administration from Syracuse University.

He is a partner of a reputed tax consultant firm in Chennai, providing a single window facility to the business community for all their legal requirements in the form of taxation consultancy, opinion, arbitration and conciliation, documentation approvals and litigation.

He was co-opted as an additional director of the Company by the board on 10<sup>th</sup> February 2012.

He holds the position as director in Sanco Trans Limited, Bimetal Bearing Limited, T. Stanes & Company Limited, Lucas-TVS Limited and Redington (India) Investments Limited. He does not hold any position as a member of any committee of directors of any other company.

He does not hold any share in the Company and is not related to any director of the Company.

#### VI. Mr Kamlesh Gandhi

Born on 16<sup>th</sup> June, 1950 Mr Kamlesh Gandhi, a commerce graduate, is associated with Capital and Financial Markets in India for the past 39 years and was a member of the BSE for 14 years from 1981 to 1995. He was a director on the Board of Association of Merchant Bankers of India for 4 years from inception of the Association. As a merchant banker, he is instrumental in raising funds for over 325 capital issues and is involved in placement of equities of several companies with retail, high net worth and institutional investors, both domestic and overseas.

He was the guest speaker at Training Institutes of Banks and Bankers Training College of RBI on merchant banking activities. He was a Non-Executive Director of several companies and is involved in advising several NRI investors including many high net worth NRIs.

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

S. No.	Name of the Company	Position held	Committee memberships/ chairmanships
1.	Bhagyanagar India Limited	Director	Audit Committee - Member
2.	Bhoruka Power Corporation Limited	Director	–
3.	Kirloskar Electric Company Limited	Director	–
4.	NCL Industries Limited	Director	Audit Committee - Member Remuneration Committee - Member
5.	Net 4 India Limited	Director	–
6.	Lalbawa Investment and Trading Company Private Limited	Director	–
7.	Ogene Systems India Private Limited	Director	Audit Committee - Chairman

## **Sundaram-Clayton Limited**

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

The following explanatory statement sets out all material facts relating to the special businesses mentioned in the accompanying notice dated 28<sup>th</sup> August 2012 and shall be taken as forming part of the notice.

#### **Item No. 7**

Mr R Vijayaraghavan was appointed as an additional director of the Company effective 10<sup>th</sup> February 2012. In terms of Section 260 of the Companies Act, 1956, he will hold office only upto the date of this annual general meeting.

A notice has been received from a member of the Company under Section 257 of the Companies Act, 1956, along with a deposit of Rs.500/- signifying his intention to propose the candidature of Mr R Vijayaraghavan and to move the resolution set out in Item No.7 of this notice.

The directors recommend the said resolution to be approved as an ordinary resolution by the shareholders.

None of the directors of the Company except Mr R Vijayaraghavan is deemed to be concerned or interested in the resolution.

#### **Item No. 8**

Mr Kamlesh Gandhi was appointed as an additional director of the Company effective 8<sup>th</sup> August 2012. In terms of Section 260 of the Companies Act, 1956, Mr Kamlesh Gandhi will hold office only upto the date of this annual general meeting.

A notice has been received from a member of the Company under Section 257 of the Companies Act, 1956, along with a deposit of Rs.500/- signifying his intention to propose the candidature of Mr Kamlesh Gandhi and to move the resolution set out in Item No.8 of this notice.

The directors recommend the said resolution to be approved as an ordinary resolution by the shareholders.

None of the directors of the Company except Mr Kamlesh Gandhi is deemed to be concerned or interested in the resolution.

#### **Item No. 9**

Mr Sudarshan Venu, a director of the Company, was appointed as the vice-president of TVS Motor Company Limited, a subsidiary of the Company on 1<sup>st</sup> December 2011 on a remuneration not exceeding Rs. 2,50,000/- per month.

Being a director of the Company and also a relative of the chairman & managing director and director-strategy of the Company, his appointment in the subsidiary company may amount to holding an office of profit in terms of the first proviso to Sub-section (1) of Section 314 of the Companies Act, 1956. In terms of the said proviso, his appointment needs to be approved by a special resolution by the shareholders at the general meeting that is held for the first time after the said appointment.

The directors recommend the said resolution to be approved as a special resolution by the shareholders as set out in Item No. 9 of this notice.

None of the directors of the Company except Mr Sudarshan Venu, Mr Venu Srinivasan, chairman & managing director and Dr Lakshmi Venu, director-strategy, is concerned or interested in the resolution.

#### **Inspection of documents :**

The document(s) referred to in the notice and the explanatory statement will be available for inspection at the registered office of the Company on any working day between 10.00 a.m. and 12.00 noon.

By order of the board

Chennai  
28<sup>th</sup> August 2012

R Raja Prakash  
Company Secretary

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

## Sundaram-Clayton Limited

### Directors' report to the shareholders

The directors have pleasure in presenting the fiftieth annual report and the audited accounts for the year ended 31<sup>st</sup> March 2012.

#### 1. FINANCIAL HIGHLIGHTS

(Rupees in lakhs)

Details	Year ended 31.03.2012	Year ended 31.03.2011
Sales and other income	1,05,123.04	82,789.35
Profit before finance cost and depreciation	14,134.24	10,777.82
Less: Finance Cost	3,841.75	2,174.14
Depreciation	4,733.90	4,083.09
Profit after finance cost and depreciation	5,558.59	4,520.59
Add : Exceptional Item (Income)	2,534.45	-
Profit before tax	8,093.04	4,520.59
Less: Provision for :		
Income tax	1,035.09	656.27
Deferred tax	(172.00)	138.48
Profit after tax	7,229.95	3,725.84
Surplus brought forward from previous year	2,683.52	1,482.39
Total	9,913.47	5,208.23
Appropriations:		
First interim dividend paid	-	948.38
Second interim dividend payable	-	1,232.89
Interim dividend payable	2,181.29	-
Dividend tax paid	-	3.75
Dividend tax payable	353.86	37.78
Tax relating to earlier years	338.54	(70.68)
Transfer to general reserve	723.00	372.59
Balance carried to Balance Sheet	6,316.78	2,683.52
	9,913.47	5,208.23

#### Notes:

The results of the Company for the current financial year 2011-12 are not comparable with that of the previous year 2010 -11 as the current year's figures are inclusive of figures of its wholly owned subsidiary, viz., Anusha Investments Limited effective 7<sup>th</sup> July 2011 and exclusive of figures of the demerged undertaking, viz., the non automotive related business which stood transferred to Sundaram Investment Limited with effect from 7<sup>th</sup> July 2011 in terms of the Composite Scheme of Arrangement as explained below.

#### 2. SCHEME OF ARRANGEMENT AND RE-ORGANISATION OF SHARE CAPITAL

During the year under review, the Company entered into a Composite Scheme of Arrangement including amalgamation and demerger ('the Scheme') between the Company and its two wholly owned subsidiaries, Anusha Investments Limited (AIL) and Sundaram Investment Limited (SIL) and their respective shareholders (the Scheme).

The Scheme envisaged amalgamation of AIL with the Company and demerger of Company's non-automotive business into SIL in terms of the provisions contained under Sections 391-394 of the Companies Act, 1956 ('the Act').

The Scheme was approved by the equity shareholders of the respective companies at the Court convened meetings held on 18<sup>th</sup> May 2012.

The Hon'ble High Court of Madras sanctioned the Scheme without any modification as approved by the shareholders by its order dated 3<sup>rd</sup> August 2012 and it was filed with the Registrar of Companies, Chennai on 21<sup>st</sup> August 2012 i.e., the Effective Date.

In terms of the Scheme and in terms of Sections 391-394 read with Sections 100-103 and other applicable provisions of the Companies Act, 1956, as and from the Appointed Date viz., 7<sup>th</sup> July 2011, AIL amalgamated with the Company with all its assets & liabilities, investments and all rights & powers of every description, all of which have been transferred to and vested or deemed to have been transferred to or vested in the Company as a going concern and have been recorded in the books of the Company at the respective book values. The entire equity shares of AIL held by SCL got cancelled pursuant to the provisions of the Scheme.

Consequent to the merger of AIL with SCL on the Appointed Date 7<sup>th</sup> July 2011, the authorised share capital of the Company stood increased from Rs.20 crores consisting of 4,00,00,000 equity shares of Rs.5/- each to Rs.25 crores of 5,00,00,000 equity shares of Rs.5/- each, following the inclusion of the authorised share capital of Rs.5 crores with which AIL merged on the Appointed Date. This increase in the authorised share capital of the Company as approved by the shareholders in terms of the Scheme, has been sanctioned by the Hon'ble High Court of Madras.

With effect from the Appointed Date, viz., 7<sup>th</sup> July 2011, the entire non-automotive business of SCL comprising of the investments and current assets relating to traded goods as has been indicated under the heading non-automotive business in the annual reports of the Company in the earlier years got demerged from the Company and transferred and vested or deemed to have been transferred and vested into SIL as a going concern and have been recorded in the books of SCL at their respective book values satisfying the ingredients of Section 2(19AA) of the Income Tax Act, 1961, on demerger.

With the sanction of the Hon'ble High Court of Madras, as envisaged in the Scheme, following demerger and in terms of the provisions of the Companies Act, 1956 the equity share capital of the Company has been reduced by Rs.9,48,37,920/- as being no longer represented by assets. Based on this capital reduction, the paid up equity share capital of the Company comprise of 1,89,67,584 equity shares of Rs.5/- each fully paid up amounting to Rs.9,48,37,920/-.

In terms of the provisions of the Scheme as sanctioned by the Hon'ble High Court of Madras, the existing share holders of the Company will be issued new equity shares in the Company at the rate of one equity share of Rs. 5/- fully paid up for every two existing equity shares of Rs.5/- each paid up held on the Record Date i.e., 10<sup>th</sup> September, 2012, consequent to similar number of equity shares in the same face value to be allotted to all the existing shareholders of the Company in the paid up capital of SIL.

As part of demerger and as envisaged in the Scheme sanctioned by the Hon'ble High Court of Madras, one of the subsidiaries of the Company, Sundaram Engineering Products Services Limited (SEPSL) issued Unsecured Optionally Fully Convertible Debentures (OFCD) for a sum of Rs.18.21 crores before the Effective Date but after the Appointed Date. The same has been subscribed to by AIL initially and after demerger vested with the Company. In terms of the Scheme the investment held in SEPSL including OFCD stood transferred to and vested in SIL following the demerger and the transfer of all



## Sundaram-Clayton Limited

assets and liabilities relating to the non-automotive business vesting with SCL.

The new equity shares of face value of Rs.5/- each to be issued to the shareholders would be relisted on the Stock Exchanges where the Company's shares are presently listed, viz., BSE Limited (BSE), National Stock Exchange of India Limited (NSE) and Madras Stock Exchange Limited (MSE).

The share certificates in relation to the equity shares held by the shareholders in the Company shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled and cease to have any effect, on and from the Record Date and similarly, in respect of the shares held in dematerialized or electronic form, the old shares would stand deleted from the respective depository accounts of the shareholders.

### 3. DIVIDEND

The board of directors of the Company at their meeting held on 20<sup>th</sup> April 2012, declared an interim dividend of Rs.5.75 per share (115%) absorbing a sum of Rs.2,535.15 lakhs for the year 2011-12 and the same was paid to the shareholders on 3<sup>rd</sup> May 2012.

The board of directors of the Company do not recommend any further dividend for the year under consideration.

### 4. PERFORMANCE

The year 2011 witnessed volatile economic developments that were marked by large swings in investor sentiment alongwith, fluctuating oil and commodity prices. Continuing crisis of confidence in the Eurozone and the first ever downgrading of US treasury securities had significant impact on the global economic growth. There was a beginning of slowdown in growth in emerging markets combined with volatility in currency rates and commodity prices. Overall there was a slowing trend in the global economy in 2011.

India's economy grew at its weakest pace in recent years and ended up with GDP growth of 6.5%. The main reason for the slowdown was sharp contraction in growth in manufacturing.

During 2011, GDP in US grew by 1.7% as against 3% in 2010. (Source: FTR). GDP growth in the European Union was at 1.5% in 2011 compared to 2% in 2010 (Source: Eurostat / IMF)

In this background, North American class 8 truck segment witnessed a growth of 65% (Source FTR). Similarly, the Europe medium and heavy trucks witnessed a growth of 37% (Source ACEA).

The following table highlights the performance of the Company during 2011-12 :

Particulars	2010-11	2011-12	Growth%
Sales (Tonnage)	32239	36488	13
Sale of goods (Rs Cr)	759.59	972.91	28
Domestic sales (Rs Cr)	484.17	559.64	16
Export sales (Rs Cr)	275.42	413.27	50
Profit before Tax (Rs Cr)	45.21	80.93*	79

\* includes exceptional income and figures of Anusha Investments Limited consequent upon amalgamation and demerger of non-automotive business to Sundaram Investment Limited.

## 5. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### I. Industry Structure and Development:

#### Domestic

The Indian economy, grew by 8.6% in FY 2010-11 but began showing signs of softening in second half of FY 2010-11. This was mainly due

to inflationary pressures and monetary policy that was targeted at controlling this.

India's GDP growth declined to 6.5% in FY2011-12, with GDP growth in Q4 of FY 2011-12 at 5.3%. (CSO).The Industrial growth (IIP) decelerated from 8.2% in FY 2010-11 to 2.8% in FY2011-12. Inflation continued to remain at higher levels with Wholesale Price Index (WPI) at 8.8% during FY12 compared to 9.6% in the previous year.

Indian currency was adversely affected by higher crude oil prices, lower net capital inflows and lower export growth in the last six months of the FY2011-12 figures. The global oil prices continued to remain above US\$85 per barrel for FY2012 and were above US\$100 per barrel for large part of the year. Such high energy costs had put severe pressure on operating margins.

The unfavorable macroeconomic conditions and higher interest rates had a significant impact on the growth of the automotive industry. Further, sharp increases in petrol prices adversely impacted growth of vehicles sales. As a result, the Indian auto industry grew at a moderate rate of 7.2% in FY 2011-12, with 20% growth in Commercial Vehicles (M&HCV & LCV) and 5% growth in Passenger Vehicles.

Category	2010-11 Nos.	2011-12 Nos.	Growth %
Medium and Heavy Commercial Vehicles (M & HCV)	3,51,229	3,76,618	7
Light Commercial Vehicles (LCV)	3,99,225	5,25,577	32
Buses - M & HCV	57,539	58,704	2
Cars & MUVs (Multi Utility Vehicles)	29,73,296	31,29,250	5
Two wheelers	1,33,24,714	1,53,82,967	15

(Source: SIAM)

### Exports

The US economy has recovered more favourably than other mature economies since the economic downturn. However, with falling GDP growth and rising unemployment, the position remains fragile.

The Euro debt crisis intensified over the course of 2011. The economic situation and the results of the recent national elections in a few member countries have increased uncertainty around the stability of the Euro zone. Credit continues to be difficult to obtain for customers and the outlook remains volatile.

The following table highlights the North American and Europe truck industry production figures in vehicle units.

Market	Category	2011	2010	Growth%
North America	Class 8 Trucks	254,727	153,969	65%
North America	Class 4-7 Trucks	129,488	95,782	35%
Europe	Medium & Heavy trucks	236,063	172,080	37%

(Source: ACT Research & ACEA )

### II. Business outlook and overview

Going forward, growth expected to remain moderate in 2012-13 unless substantive policy measures are undertaken to boost investment sentiments. Administrative obstacles and the practical halt to

## **Sundaram-Clayton Limited**

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implementation of key structural reforms have acted as a serious constraint on growth. It has also had a negative impact on sentiments of domestic businesses as well as on the investors, both domestic and foreign.

The three major concerns would be high inflation, high current account deficit and fiscal consolidation.

In view of weakness in foreign investment inflow and deteriorating macroeconomic conditions, the rupee continues to depreciate and likely to be above Rs.53 per dollar during 2012-13.

### **III. Opportunities & Threats**

The Company supplies raw aluminium castings and machined castings for the commercial vehicle, passenger car and two wheeler segments of the automotive industry.

In the medium to long term, the projected growth of the domestic auto industry, the ambitious export plans of OEMs and increase in sourcing of components by Global OEMs are likely to benefit the Company.

In view of stringent emission norms, more and more global customers are going for light weight metals resulting in increasing aluminium content per vehicle. This provides growth opportunities since the Company is already a preferred source for aluminium castings to major customers in India and abroad.

Our country is continuing to emerge as one of the major hub for global manufacturing because of lower input costs, availability of talent and local supplier base. The Company is perfectly placed to leverage the above and continue pursuing international business.

However, many Indian die casting companies and new manufacturers are continuing to either set up new capacities or expanding existing capacities to cater to this new demand, resulting in increased competition in the future.

OEM customers across the world are continuing their pressure on price reduction from their suppliers and the Company also will have to pass on some of the productivity benefits in the form of annual price reductions.

The Company's supply contracts provide for periodic price adjustments indexed to the international prices of aluminum and this should offer some protection from volatility of commodity prices.

### **IV. Risks and concerns**

#### **Economy**

In the short term, the instability in global economic recovery is continuing to be a major concern. Apart from the political unrest in some countries, tight monetary stance, volatile crude and commodity prices in international markets are expected to impact Indian economy significantly.

More than 40% of revenues come from the US and Europe. Global market uncertainties remain cause of concern and any slowdown or delay in recovery of US and European economies would adversely affect the Company's revenues.

Any failure of monsoon would trigger further inflation and increase of interest rates. Hardening of interest rates and fuel prices will have adverse impact on sales of the automobiles in domestic industry. It will have negative impact on margins of the Company owing to volume reduction and increased interest and energy cost.

#### **Industry specific**

The Company caters to the requirements of the automotive industry. The revenue of the Company is largely dependent on global commercial vehicle industry. WTO, Free Trade Agreements and other similar policies could make the market, less competitive for local manufacturers.

The Indian commercial vehicle Industry has strong correlation with the economy of the country and is cyclical. The Company has placed itself as one of the important suppliers to passenger cars and two wheelers industry also to minimize the impact of this risk.

Competition has increased significantly in the Indian market due to entry of new players and expansion plans of existing ones. The Company is aware of the increasing competition and is taking measures to remain competitive in the market place.

Power crisis continues to be a cause of concern in the State of Tamil Nadu. This will have a negative effect on operating margin of the Company. The Company is resorting to purchase of power from alternate sources and captive power generation using diesel generators to meet the shortfall.

#### **Sourcing**

While the Company continues to pursue cost reduction initiatives, increase in price of input materials could impact the Company's profitability to the extent that the same are not compensated by customers. However, no shortage of aluminium is expected.

#### **Forex**

With significant exports & foreign currency liabilities, the Company is always exposed to global currency fluctuations. However, the Company has a well-defined forex hedging policy to mitigate the risks.

#### **Contractual**

The stipulation and requirements of the automobile industry demands high quality products. Quality is, therefore, key and monitored closely. Although every reasonable precaution is taken, defects may lead to incurring considerable expenses for rework or product recall in rare cases. Appropriate recall and product liability insurance in line with standard industry practice have been taken to minimize the risks. Just-in-time delivery is another important contractual obligation. The Company may incur premium freights to overcome delays in deliveries due to quality issues or project implementation delays. Robust quality and project management systems are in place to minimize these risks.

#### **Capacity utilization**

The Company continuously steps up capacities to meet the projected demand of customers. The capacity utilization will be adversely affected if the programs of the customers are delayed or postponed. The Company closely monitors the progress of customer projects to minimize the risk of under-utilization of capacities.

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

The Company has effective and adequate internal control systems covering all areas of operations. The internal control system provides for well documented policies / guidelines, authorisations and approval procedures. The internal control system stipulates a reasonable assurance with regard to maintaining of proper accounting controls, protecting assets from unapproved use and compliance of statutes.

The Company, through its own Internal Audit Department, carries out periodic audits at all locations and functions based on the plan approved by the Audit Committee. The observations, arising out of audit, are

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periodically reviewed and compliance ensured. The summary of the Internal Audit observations and the status on implementation of corrective actions are reported to the Audit Committee of the Board of Directors for their review.

### VI. Operations review

#### A. Manufacturing

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

Continuous improvement projects are implemented to improve manufacturing quality and productivity in all the manufacturing locations. The Company's journey of manufacturing excellence was recognized and rewarded by the following agencies / customers during 2011-12.

- Platinum category in Indian Manufacturing Excellence award 2010 conducted by Frost and Sullivan.
- Best suppliers award for excellent performance from Cummins ABO

#### B. Quality

Achieving customer delight by consistently providing products of excellent quality is the prime motto of the Company. This is achieved through state of art technology, training, effective quality system, continuous improvement and total employee involvement. Poka-yokes, process audits, utilization of statistical tools for process optimization and online process controls also contribute towards improving and achieving consistency in product quality. The quality system is certified for ISO/ TS 16949 requirements.

TQM is a way of life in the Company. 100% employee involvement has been successfully achieved for the 12<sup>th</sup> consecutive year. In the last year the Company has also achieved the milestone of 2000 Quality Control Circles (QCC) projects.

Employees have completed 311 projects by applying statistical tools through QCC in 2011-12. The average number of suggestions implemented per employee in 2011-12 is 60.

#### C. Cost management

The Company continues its rigorous focus on its costs through an effective cost management system. A full time task force is working on reducing process scrap and operational efficiency projects. TPM initiatives are deployed company-wide to achieve reduction in manufacturing cost.

#### D. Information Technology

The Company uses ERP system (SAP) that integrates all business processes across the Company. Also suppliers and customers are integrated into the system for better planning and execution. In the area of New Product Development, simulation software are used to lower costs by the systematic reduction and elimination of costly casting trials and tooling modifications prior to production and thereby reducing the overall development lead time. During the year, several dashboards were deployed to improve the productivity, quality and reduce the cost of operations. Initiatives have also been taken to implement a Knowledge Management system to store, organise and disseminate good practices for standardisation and help in innovation. Projects were also implemented to further enhance the Information Security.

### VII. Human Resource Development

Human Resource Development is focused and aligned to business needs towards improved performance and business results. The key focus areas of HR are - Employee engagement, Resourcing, Performance & compensation management, Competency based development, Career & succession planning and Organization building.

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

Career development workshops are conducted to identify high potential employees. A reward and recognition system is in place to motivate and also provide fast track growth for the high potential employees.

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

An excellent industrial relations environment continued to prevail at all the manufacturing units of the Company during the year.

As of 31<sup>st</sup> March 2012, the Company had 3944 employees on its rolls.

### VIII. Environment & Safety

The Company is fully committed to the ultimate goal of employee safety. Safety management is integrated with the overall Environment, Health and Safety (EHS). Padi and Hosur plants are certified for OHSAS 18001.

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

### IX. Community development and social responsibility

Srinivasan Services Trust (SST), co-sponsored by the Company with the vision of building self-reliant rural community, was established in 1996. Over the 16 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

At present, SST is working in 1,056 villages, spread across Tamilnadu, Karnataka, Maharashtra, Himachal Pradesh and Andhra Pradesh. Its major focus areas are: Economic Development, Health, Education, Environment and Infrastructure. Its significant achievements are:

- Through partnership with the community helped to form over 3,069 Self Help Groups (SHG)
- The Infant Mortality Rate and Maternal Mortality Rate reduced to 1.2/1000 live births and near 0 / one lakh births.
- 100% enrolment of children in schools and over 40,900 adult women made literate.
- Proper solid and liquid waste management practices adopted in 977 villages.
- Over 1,75,205 hectares of degraded forests reforested and 10,766 hectares of dry lands covered by watershed development activities.
- Over 47,470 families have taken up income generating activities. They earn an additional income from Rs.2,000/- to Rs.4,000/- per month.
- SHG members have a group saving of Rs.12.19 Cr.

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- Over 81,830 of the families living in these villages have a monthly income around Rs.10,000/- per family.

SST's effort is to empower communities to take ownership of the development effort and to enable them to take this effort forward in the future. SST will, however, continue to mentor / advise the communities.

Over 200 persons are involved in the activities, consisting of employees, volunteers, field directors, doctors, etc.

Charitable organizations, voluntary institutions, commercial entities have also joined us as 'Partners in Progress'.

### X. Financial / Operational performance

The financial and operational performance for the year 2011-2012 as compared to the previous year is furnished in the following table.

Particulars	Year ended 31 <sup>st</sup> March 2012*		Year ended 31 <sup>st</sup> March 2011	
	Rs. in lakhs	%	Rs. in lakhs	%
Sales	101,700.60	96.74	80,565.11	97.31
Other income	3,422.89	3.26	2,224.24	2.69
Total Revenue	105,123.49	100.00	82,789.35	100.00
Cost of materials consumed	54,927.13	52.25	44,984.44	54.34
Purchases of stock-in-trade	–	–	127.40	0.15
Change in inventories of finished goods, work-in-process and stock-in-trade	(1,314.73)	(1.25)	(3,270.42)	(3.95)
Employee benefit expense	11,942.87	11.36	9,629.99	11.63
Stores and tools consumed	7,902.25	7.52	6,464.88	7.81
Power and fuel	4,132.19	3.93	4,456.51	5.38
Repairs and maintenance	2,542.72	2.42	2,056.81	2.48
Other expenses	10,856.82	10.33	7,561.92	9.13
Finance Costs	3,841.75	3.65	2,174.14	2.63
Depreciation	4,733.90	4.50	4,083.09	4.93
Total Expenditure	99,564.90	94.71	78,268.76	94.54
Profit before exceptional items and tax	5,558.59	5.29	4,520.59	5.46
Exceptional Item - (Income)	2,534.45	2.41	–	–
Profit before tax	8,093.04	7.70	4,520.59	5.46
Provision for taxation				
- Income tax	1,035.09	0.98	656.27	0.79
- Deferred tax	(172.00)	(0.16)	138.48	0.17
Profit after tax	7,229.95	6.88	3,725.84	4.50

\* Since the figures for the year ended 31<sup>st</sup> March 2012 have been arrived at after giving effect to the amalgamation and demerger related entries, they would not be strictly comparable with figures of the previous year

### 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.

### 6. SUBSIDIARY COMPANIES

In terms of the Composite Scheme of Arrangement including amalgamation and demerger (the Scheme) sanctioned by the Hon'ble High Court of Madras, the entire investment held by the Company in Sundaram Investment Limited (SIL), got cancelled and extinguished, hence SIL ceased to be a wholly owned subsidiary of the Company.

In terms of the Scheme, the assets and liabilities of the non-automotive business of the Company including the investment in TVS Investments Limited (TVSI) was vested in SIL, and therefore, TVSI and its subsidiaries as detailed below, which were subsidiaries of the companies until the

Appointed Date, 7<sup>th</sup> July 2011 became subsidiaries of SIL from the said date:

1. TVS Investments Limited
2. TVS Electronics Limited
3. TVS Capital Funds Limited
4. TVS-e Access (India) Limited
5. TVS-e Servicetec Limited
6. Sravanaa Properties Limited
7. Tumkur Property Holdings Limited
8. Prime Property Holdings Limited

Consequent to the implementation of the Scheme and allotment of shares in the ratio of one new equity share of Rs.5/- paid up in SIL for every two equity shares held in the Company, all the existing shareholders of the Company as on the Record Date will be entitled to and get allotted one new equity share of Rs.5/- each or one non-cumulative redeemable preference share of Rs.5/- each in the share capital of SIL, depending upon the options exercisable by them in terms of the Scheme.

Accordingly, the audited accounts of the aforesaid companies are not consolidated with the audited accounts of the Company.



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However, since they were subsidiaries of the Company till 7<sup>th</sup> July 2011, the Appointed Date, the consolidated profit and loss account as of 31<sup>st</sup> March 2012 include proportionate operating results of those subsidiaries for the period relating to 1<sup>st</sup> April 2011 to 7<sup>th</sup> July 2011.

Since the following companies continue as subsidiaries of the Company, their audited accounts have been consolidated with those of the Company as on 31<sup>st</sup> March 2012:

1. TVS Motor Company Limited
2. Sundaram Auto Components Ltd
3. TVS Motor (Singapore) Pte Limited
4. TVS Motor Company (Europe) B.V
5. PT. TVS Motor Company Indonesia
6. Sundaram Business Development Consulting (Shanghai) Co. Ltd., China
7. TVS Energy Limited
8. TVS Wind Energy Limited
9. TVS Wind Power Limited
10. TVS Housing Limited
11. Sundaram Engineering Products Services Limited

### **INVESTMENT IN SUBSIDIARIES**

The Company made an investment of USD 100 consisting of 100 shares with face value of USD 1 each in Sundaram-Clayton (USA) Limited (SCL USA), a Company established under the applicable provisions of Laws of United States of America for carrying out the business of the Company in US. Hence, SCL USA became the subsidiary of the Company effective 15<sup>th</sup> June 2012, by virtue of the provisions of Section 4(1)(b) of the Companies Act, 1956.

### **7. CONSOLIDATED ACCOUNTS**

As required under the Listing Agreement with the Stock Exchanges, the consolidated financial statements of the Company are attached.

The Ministry of Corporate Affairs (MCA) vide its circular No. 2 in file No. 51/12/2007-CL-III dated: 8<sup>th</sup> February 2011 has granted general exemption from attaching annual reports of subsidiaries along with the annual report of the holding companies without seeking any approval of the Central Government, subject to the conditions laid down therein.

The board of directors at their meeting held on 28<sup>th</sup> August 2012 passed necessary resolution for complying with all the conditions enabling the circulation of annual report of the Company without attaching all the documents referred to in Section 212(1) of the Act, of the subsidiary companies to the shareholders of the Company.

The annual accounts, reports and other documents of the subsidiary companies will be made available to the members, on receipt of a request from them. The annual accounts of the subsidiary companies will be available at the registered office of the Company and at the registered offices of the respective subsidiary companies concerned. If any member or investor wishes to inspect the same, it will be available during the business hours of any working day of the Company.

A statement giving the following information in aggregate of each subsidiary including subsidiaries of subsidiaries consisting of (a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investment (except in case of investment in the subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation (j) proposed dividend has been attached with the consolidated balance sheet of the Company in compliance with the conditions of the said circular issued by MCA.

A statement referred to in clause (e) of sub-section 1 of Section 212 of the Act disclosing the Company's interest in subsidiaries and other information as required, is attached.

### **8. DIRECTORS**

Mr Suresh Krishna and Mr T R Sridharan resigned as directors from the board effective 24<sup>th</sup> December 2011 and 23<sup>rd</sup> June 2012, respectively.

The board recorded its deep appreciation of services and contributions made by directors viz., Mr Suresh Krishna and Mr T R Sridharan. These directors have made distinct and significant contribution in general for the growth of the Company.

During the year under review, the board re-designated Mr Venu Srinivasan as chairman and managing director of the Company.

Mr R Vijayaraghavan and Mr Kamlesh Gandhi, who were appointed as additional directors effective 10<sup>th</sup> February 2012 and 8<sup>th</sup> August 2012 respectively, will vacate their office in terms of Section 260 of the Companies Act, 1956 at the ensuing annual general meeting and are eligible for appointment, as directors of the Company. In terms of Section 257 of the Companies Act, 1956, notices have been received from members of the Company signifying their proposal for the appointment of Mr R Vijayaraghavan and Mr Kamlesh Gandhi as directors, at the ensuing annual general meeting.

M/s.T K Balaji, K Mahesh, V Subramanian and Dr Lakshmi Venu, directors, will be retiring at this annual general meeting and, being eligible, offer themselves for re-appointment in terms of the Articles of Association of the Company.

The brief resume of the aforesaid directors and other connected information have been detailed in the Notice convening the annual general meeting of the Company. Appropriate resolutions for their appointment / re-appointment are being placed for approval of the shareholders at the ensuing annual general meeting. The directors recommend their appointment /re-appointment as directors of the Company.

### **9. AUDITORS**

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

The Company has received a letter from them, stating that the appointment, if made, will be within the limit prescribed under Section 224(1B) of the Act.

### **10. COST AUDITOR**

Ministry of Company Affairs (MCA) issued an industry specific Cost Audit Order vide No. 52/26/CAB-2010 dated 24<sup>th</sup> January 2012, thereby requiring all such companies, which are in the manufacturing activities of automotive components (covered under Central Excise Tariff Chapter Nos. 84 & 87) to appoint a Cost Auditor for auditing the cost accounting information effective 1<sup>st</sup> April 2012 for the financial year 2012 - 13 and file a report with the Central Government on or before 30<sup>th</sup> September of each year.

The board of directors, in view of this industry specific order, at their meeting held on 10<sup>th</sup> February, 2012 appointed Mr A N Raman, a practising cost accountant, Chennai as Cost Auditor for carrying out the cost audit of the Company for the financial year 2012-13, subject to compliance of all the requirements, as stipulated in circular no. 15/2011



## Sundaram-Clayton Limited

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dated 11<sup>th</sup> April 2011 issued by MCA and subject to the approval of the Central Government.

The Company has received a letter from the said Cost Audit firm, stating that the appointment, if made, will be within the prescribed limit under Section 224(1B) of the Act.

For the financial year under review, a Cost Compliance Report will be obtained and will be filed with MCA within the stipulated time in terms of Companies (Cost Accounting) Records Rules, 2011.

### 11. CORPORATE GOVERNANCE

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

A separate section on corporate governance and a certificate from the statutory auditors of the Company regarding compliance of conditions of corporate governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges form part of the Annual Report.

The chairman and managing director (CEO) and the executive 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 2012.

### 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 Act, 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 Annexure I to this report.

#### Particulars of employees

The particulars required pursuant to Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975 as amended, are given in Annexure II to this report. However, in terms of the provisions of Section 219(1)(b)(iv) of the Act, the Directors' Report excluding the said Annexure is being sent to all the shareholders of the Company. Any shareholder interested in obtaining a copy of the said

annexure may write to the Company Secretary at the registered office of the Company.

#### Public Deposits

The Company has not accepted any deposit from the public within the meaning of Section 58A of the Act for the year ended 31<sup>st</sup> March 2012.

#### Directors' Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Act with respect to Directors' Responsibility Statement, it is hereby stated:

- (i) that in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March 2012, 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 Act 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 2012 on a "going concern basis".

### 13. ACKNOWLEDGEMENT

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

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

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

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

For and on behalf of the board

Chennai  
28<sup>th</sup> August 2012

VENU SRINIVASAN  
Chairman

## Annexure I to Directors' report

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

### A. CONSERVATION OF ENERGY

#### 1. Measures taken:

- (i) Separated 4 bar & 6 bar compressed air line circuit in foundry for compressor optimization;
- (ii) Provided Solid state Relay in Silcarb furnaces to eliminate energy losses;
- (iii) Provided thyristor for furnaces for optimum utilization;
- (iv) Replaced Air heater with coil type Heater in Canteen Electrical fryer;
- (v) Installed air demand controller in High pressure and low pressure at machine shop;
- (vi) Replaced 70 W street lights with 36 W CFL lamps; and
- (vii) Reduced motor consumption by incorporating the Variable Frequency Drives (VFD) for constant drive motors- two machines.

The above measures have resulted in an annual saving of about Rs. 55 lakhs.

#### 2. Proposed measures:

- (i) Horizontal deployment of Thyristor drives - 4 furnaces;
- (ii) Horizontal deployment of VFD drives in cooling towers - 2 Nos;
- (iii) Oil chiller elimination by redesigning the Cooling tower water circuit -2 Machines;
- (iv) Introduction of Plate type exchanger in order to eliminate the water chiller in ItalPresse machine -10 Nos;
- (v) Interfacing of temperature controller in cooling tower blower motor drive to reduce energy consumption - 3 Nos;
- (vi) Replacing of Thyristor drive for the oven heaters in place of contactors in Volvo unit;
- (vii) Logic modification in SPM machines to switch off the Hydraulic motor during Machine idle condition - 9 Machines;
- (viii) Removing water transfer pump from 9/11 Flywheel Housing cell washing machine by water tank modification;
- (ix) Replacing of Mercury vapour and tube lights with LED lightings in Generator/ MV Panel room;
- (x) Replacing AC with new AC with scroll type compressor in ISD; and
- (xi) Introducing electrical operated solenoid valve in the machine incoming air line to switch off during machine idle condition - 100 machines.

This will result in a saving of about Rs. 48 lakhs per annum.

- (vi) Developed 62 die cast parts

#### Ongoing activities:

- (i) Development of product design capabilities for heat treated aluminum HPDC castings to increase structural integrity of safety critical parts;
- (ii) Establishment of stress relieving processes to enhance die life;
- (iii) Establishment of surface treatment capability for Magnesium die cast parts;
- (iv) Establishment of sand reclamation process;
- (v) Development of machining processes for magnesium die cast parts;
- (vi) Development of liquid forging for difficult to cast aluminum alloys for high strength structural applications
- (vii) Development of Al foam product

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

- (i) Energy saving;
- (ii) Developed new die cast products for customers;
- (iii) Validation of product life by performance testing;
- (iv) Ideas generated for new businesses; and
- (v) Upgradation of technical skill of employees.

#### 3. Future plan of action:

- (i) Development of innovative methods of liquid metal transfer technologies to reduce energy consumption;
- (ii) Development of investment casting technology for aluminum alloys; and
- (iii) Development of non-heat treatable high strength aluminum alloys.

#### 4. Expenditure on R & D:

	(Rs. in lakhs)
Capital expenditure	824.44
Recurring expenditure (including salaries)	510.30
<b>Total</b>	<b>1,334.74</b>
Total expenditure as percentage of sales turnover	0.33%

#### 5. Technology absorption, adaptation and innovation:

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

Nil

### B. TECHNOLOGY ABSORPTION

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

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

##### Completed activities:

- (i) Development of product design capabilities for heat treated aluminum HPDC castings;
- (ii) Established weld repair processes to enhance die life;
- (iii) Established in-house capability for Magnesium die casting technologies;
- (iv) Developed two magnesium pressure die cast components;
- (v) Established LPG fired furnaces for melting aluminum to reduce metal loss; and

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

#### Export activities

Export during the year ended 31<sup>st</sup> March 2012 amounted to Rs.41,326.91 lakhs as against Rs.28,674.27 lakhs for the year ended 31<sup>st</sup> March 2011.

	(Rs. in lakhs)
<b>Total foreign exchange used and earned:</b>	
a) Foreign exchange used	44,767.16
b) Foreign exchange earned	44,958.64

For and on behalf of the board

Chennai  
28<sup>th</sup> August 2012

VENU SRINIVASAN  
Chairman

## Sundaram-Clayton Limited

### Report on Corporate Governance

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

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

The Company's corporate governance philosophy has been further strengthened by adopting a Code of Business Conduct and Ethics and Code of Conduct for Prevention of Insider Trading for board and senior management personnel.

#### 2. Board of Directors

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

##### 2.1 Composition and category of directors:

As on 31<sup>st</sup> March 2012 and on the date of this report, the board consists of twelve directors. All the directors except chairman & managing director and director - strategy are non-executive directors.

During the year, Mr Sudarshan Venu, was appointed as an additional, non-executive and non-independent director effective 2<sup>nd</sup> September 2011 and the said appointment was approved by the shareholders at the annual general meeting of the Company held on 30<sup>th</sup> September 2011.

Mr Suresh Krishna and Mr T R Sridharan, non-executive directors, resigned from the board of the Company effective 23<sup>rd</sup> December 2011 and 23<sup>rd</sup> June 2012 respectively for personal reasons. Mr R Vijayaraghavan and Mr Kamlesh Gandhi were appointed as additional, non-executive and independent directors of the Company effective 10<sup>th</sup> February 2012 and 8<sup>th</sup> August 2012, respectively.

Mr Venu Srinivasan, managing director, was re-designated as chairman & managing director of the Company, effective 10<sup>th</sup> February 2012.

As the Company has an executive chairman viz., Mr Venu Srinivasan who is the chairman & managing director, the board,

in terms of Clause 49 of the Listing Agreement, is required to have fifty per cent of its directors as independent directors.

Out of the ten non-executive directors, six directors are non executive - independent directors viz., M/s. Vice Admiral P J Jacob, Suresh Kumar Sharma, S Santhanakrishnan, V Subramanian, R Vijayaraghavan and Kamlesh Gandhi.

Thus, the composition of the Company's board is in conformity with the Listing Agreement.

##### 2.2 Board meetings:

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

The Company regularly places, before the board for its review, the information as required under Annexure 1A to Clause 49 of the Listing Agreement such as annual operating plans, capex budget and its quarterly updates, quarterly results, minutes of meetings of audit committee and other committees of the board, quarterly details of foreign exchange exposures, risk management and mitigation measures, report on compliance of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, if any, etc.

Comprehensively drafted notes for each agenda item along with background materials, wherever necessary, are circulated well in advance to the committee / board, to enable them for making value addition as well as exercising their business judgment in the committee / board meetings. Presentations are also being made by the business heads on the Company's operations in board meetings.

During the year 2011-2012, the board met 6 times on 5<sup>th</sup> May 2011, 12<sup>th</sup> August 2011, 2<sup>nd</sup> September 2011, 8<sup>th</sup> November 2011, 30<sup>th</sup> November 2011 and 10<sup>th</sup> February 2012 and the gap between two meetings did not exceed four months.

##### 2.3 Attendance and other directorships:

The details of attendance of the directors at the board meetings during the year and at the last annual general meeting held on 30<sup>th</sup> September 2011 and also the number of other directorships and committee memberships / chairmanships as on 31<sup>st</sup> March 2012 are as follows:

Name of the director M/s.	Category	Attendance particulars		Number of directorships and committee memberships / chairmanships		
		Board meeting	Last AGM	Other directorships*	Committee memberships**	Committee chairmanships
Venu Srinivasan	CMD	6	Yes	15	4	1
Gopal Srinivasan	NE-NI	3	Yes	18	1	-
K Mahesh	NE-NI	3	No	6	2	-
T K Balaji	NE-NI	2	Yes	14	4	1
Dr Lakshmi Venu	DS	5	No	1	-	-
Sudarshan Venu (Appointed w.e.f 02.09.2011)	NE-NI	4	Yes	-	-	-
Vice Admiral P J Jacob (Retd.)	NE-I	5	Yes	1	1	1
V Subramanian	NE-I	6	Yes	8	5	-

## Sundaram-Clayton Limited

Name of the director M/s.	Category	Attendance particulars		Number of directorships and committee memberships / chairmanships		
		Board meeting	Last AGM	Other directorships*	Committee memberships**	Committee chairmanships
Suresh Kumar Sharma	NE-I	3	No	1	–	–
S Santhanakrishnan	NE-I	6	Yes	6	1	–
T R Sridharan (Resigned w.e.f 23.06.2012)	NE-I	5	Yes	1	2	–
R Vijayaraghavan (Appointed w.e.f 10.02.2012)	NE-I	1	N.A	4	–	–
Kamlesh Gandhi (Appointed w.e.f 08.08.2012)	NE-I	N.A	N.A	7	3	1

\* includes private companies and bodies corporate.

\*\* includes committees where the director is also chairman.

CMD : Chairman & Managing Director / DS : Director-Strategy

NE-I : Non Executive - Independent director

NE-NI : Non Executive - Non-Independent director

None of the directors on the board is a member of more than ten Committees or Chairman of more than five Committees across all companies in which they are directors. Chairmanship / Membership of Committees include only Audit and Shareholders / Investors' Grievance Committee as covered under Clause 49 of the Listing Agreement, as per the disclosures made by the directors.

### 2.4 Access to information and updation to directors:

The board reviews all information provided periodically for discussion and consideration at its meetings in terms of Clause 49 of the Listing Agreement. Functional heads are present whenever necessary and apprise all the directors about their functions and developments. They also make presentations to the board and audit committee of directors.

Apart from this, the observations of audit carried out by the internal auditors and the compliance report on payment of statutory liabilities submitted by the statutory auditors of the Company are placed and discussed with functional heads, by the Committee. The board also reviews the declarations made by the chairman & managing director and the secretary of the Company regarding compliance of all applicable laws on a quarterly basis.

Decisions taken at the meetings of the board / committee are communicated to the functional heads. Action taken report on decisions of previous meetings is placed at every succeeding meeting of the board / committee for reporting the compliance.

### 2.5 Code of Business Conduct and Ethics for members of the board and senior management personnel (the Code):

The Company has in place the Code approved by the board. The Code has been communicated to directors and the senior management personnel. 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 personnel have confirmed compliance with the Code for the year ended 31<sup>st</sup> March 2012. The annual report contains a declaration to this effect signed by the chairman and managing director and the company secretary as compliance officer of the Code.

### 2.6 Appointment / Re-appointment of directors:

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, their shareholdings and their relationships, if any, with other directors are provided in the notice convening the ensuing annual general meeting of the Company.

## 3. Audit Committee

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

### 3.1 Brief description of terms of reference:

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

- a. Overseeing the Company's financial reporting process and the disclosure of 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 statement of related party transactions and transactions with companies in which one or more director(s) of the Company is / are deemed to be interested / concerned.
- d. Discussing the nature and scope of audit including internal audit prior to the commencement of the audit and areas of concern, if any, arising post audit.
- e. 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.
- f. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature.
- g. Recommending to the board the appointment / re-appointment / replacement of the statutory auditors and the fees payable for audit and for other services rendered by the statutory auditors.



## Sundaram-Clayton Limited

- h. Reviewing the adequacy of internal audit functions and systems, structure, reporting process, audit coverage and frequency of internal audit.
- i. Reviewing the management discussion analysis of financial conditions and results of operations and other matters specified under Clause 49 of the Listing Agreement.
- j. Reviewing the financial statements, in particular the investments made by the unlisted subsidiaries.
- k. Reviewing the cost audit compliance report.
- l. Reviewing with the management the annual financial statements before submission to the board, in particular
  - a. Any change in accounting policies and practices;
  - b. Major accounting entries passed, based on exercise of judgement by management;
  - c. Significant adjustments arising out of audit;
  - d. Compliance with accounting standards; and
  - e. Disclosure of contingent liabilities.
- m. Approving the appointment of the Chief Financial Officer after assessing the qualifications, experience & background, etc. of the candidate.
- n. In addition, reviewing of such other functions as envisaged under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchanges.

The subjects reviewed and recommended in the meetings of the Audit Committee were apprised to the board by the Chairman of the Audit Committee, for its approval.

### 3.2 Composition, name of members and the chairman:

As on the date of this report, the audit committee consists of the following independent and non-independent directors:

Name of the directors - (M/s.)	Status
Vice Admiral P J Jacob (Retd) V Subramanian T R Sridharan (Resigned w.e.f. 23.06.2012) S. Santhanakrishnan (Appointed w.e.f. 08.08.2012)	Non-Executive and Independent director
T K Balaji	Non-Executive and Non-Independent director

Mr T R Sridharan, Non-executive and Independent director resigned from the board and the audit committee, effective 23<sup>rd</sup> June 2012.

The audit committee was reconstituted on 8<sup>th</sup> August 2012 by the induction of Mr S Santhanakrishnan, Non-executive and Independent director as a member.

Vice Admiral P J Jacob (Retd), independent director, is the chairman of the audit committee. Mr R Raja Prakash, company secretary of the Company acts as the secretary of the audit committee.

Chairman of the audit committee was present at the last annual general meeting held on 30<sup>th</sup> September 2011.

The composition of the audit committee is in accordance with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

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

Date of the meeting	Members present (M/s)
04.05.2011	Vice Admiral P J Jacob (Retd), V Subramanian and T R Sridharan
11.08.2011	Vice Admiral P J Jacob (Retd), V Subramanian and T R Sridharan
07.11.2011	Vice Admiral P J Jacob (Retd), T K Balaji, V Subramanian and T R Sridharan
27.01.2012	Vice Admiral P J Jacob (Retd), T K Balaji, and V Subramanian

## 4. Subsidiary Companies

- 4.1 The Company's Indian subsidiaries do not fall under the definition of "material non-listed Indian Subsidiaries".
- 4.2 The Audit Committee of directors reviews the financial statements and in particular the investments made by two major unlisted subsidiary companies.
- 4.3 The minutes of the board meetings of unlisted subsidiary companies are periodically placed before the board. The board is periodically informed about all significant transactions and arrangements entered into by the unlisted subsidiaries.

## 5. Disclosures

### 5.1. Materially significant related party transactions:

During the year, the Company has not entered into any transaction of material nature with the directors, their relatives or management which is in conflict with the interests of the Company.

The transactions with the related parties, namely its promoters, its subsidiaries and associate companies etc. which are of routine nature have been reported elsewhere in the annual report as per Accounting Standard 18 (AS 18) issued by The Institute of Chartered Accountants of India and Companies (Accounting Standards) Rules, 2006.

The Audit Committee is briefed, *inter alia*, on the following aspects:

- (i) related party transactions undertaken by the Company in the ordinary course of business;
- (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.

### 5.2 Disclosure of accounting treatment:

The Company follows the Accounting Standards issued by The Institute of Chartered Accountants of India and Companies (Accounting Standards) Rules, 2006.

The Central Government has issued a notification on 29<sup>th</sup> December 2011 amending the existing AS 11 relating to 'The effects of changes in foreign exchange rates' and extended upto 31<sup>st</sup> March 2020. By this amendment, companies are permitted to add / deduct from the carrying cost of depreciable



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assets, exchange differences arising out of exchange rate fluctuations with corresponding adjustments in general reserves and provision for depreciation. In order to give effect to the aforesaid amendment, companies are required to exercise their option in this regard. The option once exercised is irrevocable.

This has been effected in the computation of the results of the Company. Exchange difference with regard to External Commercial Borrowings other than relating to acquisition of capital assets are added to or deducted from Foreign Currency Monetary Item Translation Difference Account.

### 5.3 Risk Management:

The Company has laid down procedures to inform the board about the risk assessment and minimization procedures, to ensure that executive management controls risk through means of a properly defined framework.

### 5.4 Instances of non-compliance(s), if any:

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

### 5.5 Disclosure by senior management personnel:

The senior management personnel have made disclosures to the board relating to all material, financial and other transactions stating that they did not have any personal interest that could result in a conflict with the interest of the Company at large.

### 5.6 CEO and CFO Certification:

The chairman and managing director (CEO) and the executive vice-president - finance (CFO) of the Company have certified to the board on financial 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 2012.

### 5.7 Compliance with mandatory / non-mandatory requirements:

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.

### 5.8 Code of Conduct for Prevention of Insider Trading :

In compliance with the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations 1992, as amended till date, the Company has a comprehensive code of conduct and the same is being strictly adhered to by the directors, senior management and other persons covered by this code.

The code expressly lays down the guidelines and the procedures to be followed and disclosures to be made, while dealing with the shares of the Company and cautioning them on the consequences of non-compliances thereof.

The Company regularly follows closure of trading window prior to the publication of price sensitive information. The Company has been informing the directors, senior management and other persons covered by the code about the same and advising them not to trade in Company's securities, during the closure of trading window period.

### 5.9 Management discussion and analysis report:

The management discussion and analysis report forms part of the directors' report.

## 6. Remuneration Committee

The board has not constituted a remuneration committee, as the need for forming such committee has not arisen.

### 6.1 Remuneration to directors:

Mr Venu Srinivasan was re-appointed as managing director for a period of five years effective 23<sup>rd</sup> May 2009 on a remuneration consisting only of salary and other perquisites in terms of the agreement entered into between him and the Company on 27<sup>th</sup> April, 2009. The shareholders at the annual general meeting held on 29<sup>th</sup> September 2009 approved the said reappointment and remuneration.

Dr Lakshmi Venu was appointed as Director-Strategy in the rank of managing director for a period of five years effective 22<sup>nd</sup> March, 2010 on a remuneration consisting of salary, commission and other perquisites in terms of the agreement entered into between her and the Company on 22<sup>nd</sup> March, 2010. The said appointment was approved by the shareholders at the annual general meeting held on 22<sup>nd</sup> September 2010.

The Board of Directors at its meeting held on 5<sup>th</sup> May 2011 varied the terms of appointment and remuneration of Dr Lakshmi Venu and the same got approved by the members at the 49<sup>th</sup> Annual General Meeting of the Company held on 30<sup>th</sup> September 2011.

Mr Venu Srinivasan, chairman and managing director and Dr Lakshmi Venu, Director-Strategy were paid remuneration within the limit stipulated under Section 198 read with Schedule XIII of the Companies Act, 1956.

Sitting fee of Rs. 7,500/- each is paid to the Non-executive directors for every meeting of the board and / or committee thereof attended by them, which is within the limits, prescribed under the Act.

As approved by the shareholders at the 49<sup>th</sup> annual general meeting of the Company held on 30<sup>th</sup> September 2011, Non-executive and Independent directors are being paid commission, not exceeding 1% of the net profits of the Company, subject to a maximum, as determined by the board, for each such director for every financial year for a period of five years from 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2016.

### 6.2 Particulars of sitting fees paid and commission payable to the non-executive directors during the financial year 2011-2012:

Name of the directors (M/s.)	Sitting fees (Rs.)	Commission (Rs.)
Suresh Krishna	15,000	–
K Mahesh	22,500	–
Gopal Srinivasan	45,000	–
T K Balaji	90,000	–
Vice Admiral P J Jacob (Retd)	82,500	9,00,000
V Subramanian	90,000	9,00,000
S Santhanakrishnan	45,000	6,00,000
Suresh Kumar Sharma	22,500	6,00,000
T R Sridharan	60,000	9,00,000
Sudarshan Venu	22,500	–
R Vijayaraghavan	7,500	83,000

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6.3 Details of shareholdings of non-executive directors in the Company as on 31<sup>st</sup> March 2012:

Name of the non-executive director (M/s.)	No. of shares
K Mahesh	246
Gopal Srinivasan *	132

\* Mr Venu Srinivasan and Mr Gopal Srinivasan being brothers are relatives. Mr T K Balaji, being their sister's husband, is related to both of them under the provisions of Section 6 of the Companies Act, 1956.

None of the other non-executive directors holds any share in the Company.

Except Mr Sudarshan Venu, non-executive director who is related to Mr Venu Srinivasan, chairman and managing director and Dr Lakshmi Venu, director-strategy, no other non-executive directors are related to each other.

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

6.4 Particulars of remuneration paid to chairman and managing director and Director-Strategy during the financial year 2011-2012:

(Rs. in lakhs)

Name of the Directors	Salary & Bonus	Contribution to PF & Other Funds	Perquisites	Commission	Total
Mr Venu Srinivasan	18.00	3.06	3.50	—	24.56
Dr Lakshmi Venu	82.50	3.88	5.36	58.90	150.64

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

### 7. Investors' grievance committee

7.1 The investors' grievance committee was re-constituted with three members viz., M/s. Venu Srinivasan, chairman and managing director, K Mahesh and T K Balaji, directors of the Company, consequent to the resignation of Mr Suresh Krishna, Chairman of the Committee. The Committee met 4 times during the year.

7.2 As required by Securities and Exchange Board of India (SEBI), Mr R Raja Prakash, company secretary of the Company is the compliance officer of the Investors' Grievance Committee. For any clarification / complaint, the shareholders may contact Mr R Raja Prakash, company secretary.

7.3 The committee oversees and reviews all matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. The committee also looks into the redressal of investors' grievances pertaining to transfer of shares, non-receipt of balance sheet, non-receipt of dividends, etc. The Company, in order to expedite the process of share transfers, has delegated the power of share transfers to an officer of the Company. The Company, as a matter of policy, disposes investor complaints within a span of seven days.

7.4 Complaints received and redressed during the year 2011-2012:

S.No.	Nature of complaints	No. of complaints
1	Non-receipt of dividend warrants	14
2	Non-receipt of annual reports	1
	Total	15

7.5. All the queries and complaints received during the financial year ended 31<sup>st</sup> March 2012 were duly redressed and no queries were pending for resolution on that date.

All requests for dematerialization of shares were carried out within the stipulated time period and no share certificate was pending for dematerialization.

7.6 Reconciliation of Share Capital Audit:

A qualified practising company secretary carries out a Reconciliation of Share Capital (ROSC) Audit on a quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with the total issued and listed capital and the report are placed for perusal of the board.

ROSC Audit report confirms that the total issued and listed capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

### 8. General body meeting

8.1 Location and time where the annual general meetings were held during the last three years:

Year	Location	Date	Time
2008-2009	Sathguru Gnanananda Hall, Naradha Gana Sabha Trust, No. 314, T T K Road, Chennai - 600 018	29.09.2009	10.35 A.M
2009-2010	The Music Academy, New No.168, T T K Road (Mowbrays Road), Chennai - 600 014	22.09.2010	10.15 A.M
2010-2011	The Music Academy, New No.168, T T K Road (Mowbrays Road), Chennai - 600 014	30.09.2011	10.15 A.M

8.2 Special resolutions passed in the previous three annual general meetings:

Year	Subject	Date of AGM
2008-09	Amendment to the Articles of Association of the Company	29.09.2009
2009-10	Nil	22.09.2010
2010-11	Payment of commission to non-executive independent directors. Amendment to the Articles of Association of the Company.	30.09.2011

8.3 None of the subjects placed before the shareholders in the last / ensuing annual general meeting required / requires approval by a postal ballot.

## Sundaram-Clayton Limited

### 9. Means of communication to shareholders

The board believes that effective communication of information is an essential component of corporate governance. The Company regularly interacts with shareholders through multiple channels of communication such as result announcement, annual report, media releases, Company's website and specific communications to Stock Exchanges, where the Company's shares are listed.

#### 9.1 Quarterly results:

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

#### 9.2 Newspapers wherein results normally published:

The results are normally being published in the English newspapers, namely "The Hindu", "The Economic Times", "Business Line" and in the regional newspaper, namely "Dinamani".

#### 9.3 Website:

The Company has in place a website addressed as [www.sundaramclayton.com](http://www.sundaramclayton.com). This website contains the basic information about the Company, e.g., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company, who are responsible for assisting and handling investor grievances, such other details as may be required under Clause 54 of the Listing Agreement. The Company ensures that the contents of this website are periodically updated. In addition, the Company will make use of its website for publishing official news release and presentations, if any, made to institutional investors / analysts.

The Company has designated the following e-mail IDs, namely [investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@scl.co.in) / [r.rajaprakash@scl.co.in](mailto:r.rajaprakash@scl.co.in) for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.

### 10. General shareholder information

#### 10.1 Annual general meeting:

Date and time : Thursday, the 29<sup>th</sup> November 2012  
at 10.00 AM

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

#### 10.2 Financial year : 1<sup>st</sup> April to 31<sup>st</sup> March

Financial calendar 2012-13 (Tentative):

Financial reporting for  
the quarter ended/ending : Financial calendar

30<sup>th</sup> June 2012 : 8<sup>th</sup> August 2012

30<sup>th</sup> September 2012 : between 15<sup>th</sup> October and 14<sup>th</sup> November 2012

31<sup>st</sup> December 2012 : between 15<sup>th</sup> January and 14<sup>th</sup> February 2013

31<sup>st</sup> March 2013 : between 15<sup>th</sup> April and 15<sup>th</sup> May 2013

Annual general meeting : During August / September 2013

#### 10.3 Date of book closure : 28<sup>th</sup> November 2012 to 29<sup>th</sup> November 2012 (both days inclusive)

#### 10.4 Particulars of dividend payment:

The board of directors at their meeting held on 20<sup>th</sup> April 2012, declared an interim dividend of Rs. 5.75 per share (115%) for the year 2011-2012, absorbing a sum of Rs. 2,535.15 lakhs. It was paid to the shareholders on 3<sup>rd</sup> May 2012.

#### 10.5 Listing on Stock Exchanges:

Name of the Stock Exchange	Stock code / symbol
Madras Stock Exchange Ltd (MSE)	-
BSE Ltd (BSE)	520056
National Stock Exchange of India Ltd (NSE)	SUNCLAYTON
ISIN allotted by Depositories (Company ID Number)	INE 105A01027

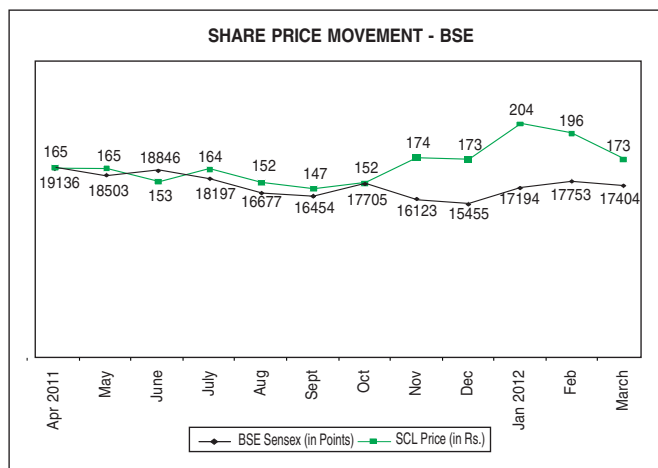
(Note: Annual listing fees and custodial charges for the year 2012-2013 were duly paid to the above stock exchanges and to the Depositories)

#### 10.6 Market Price Data:

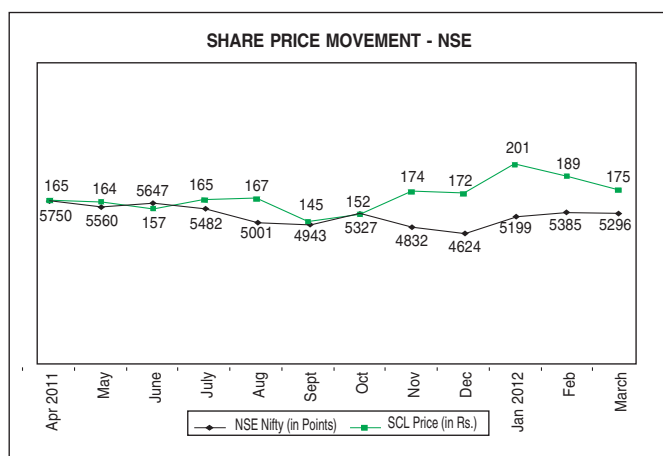
(in Rupees)

Month	BSE		NSE	
	High	Low	High	Low
April 2011	164.95	144.00	165.00	144.00
May 2011	164.80	143.50	163.80	142.70
June 2011	152.90	139.10	157.00	140.00
July 2011	164.00	140.65	164.80	143.20
August 2011	151.85	131.00	166.60	130.00
September 2011	147.15	129.50	145.00	123.50
October 2011	152.00	129.55	151.80	133.30
November 2011	173.90	148.00	173.95	145.20
December 2011	172.95	140.05	171.80	138.50
January 2012	204.00	146.25	201.00	146.35
February 2012	195.95	160.00	189.00	162.15
March 2012	173.10	150.05	175.00	152.05

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



## Sundaram-Clayton Limited



### 10.8 Share Transfer System:

- The Company has registered itself with SEBI as Share Transfer Agent (STA) 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 transfers 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 confirmation is given to the depositories within 7 days. Grievances received from shareholders and other miscellaneous correspondence on change of address, mandates etc. are processed by the share transfer department of the Company within 7 days.
- Certificates are being obtained and submitted to Stock Exchanges, on half-yearly basis, from a Company Secretary-in-practice towards due compliance of share transfer formalities by the Company within the due dates, in terms of clause 47(c) of the Listing Agreement with Stock Exchanges.
- Certificates have also been received from a Company Secretary-in-practice and submitted to the Stock Exchanges, on a quarterly basis, for timely dematerialization of shares of the Company and for reconciliation of the share capital of the Company, as required under SEBI (Depositories and Participants) Regulations, 1996.
- The Company, as required under clause 47(f) of the Listing Agreement, has designated the following e-mail IDs, namely [investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@scl.co.in) (share transfer department) [r.rajaprakash@scl.co.in](mailto:r.rajaprakash@scl.co.in) (compliance officer) for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.
- Shareholders are, therefore, requested to correspond with the share transfer department for transfer / transmission of shares, change of address and queries pertaining to their shareholdings, dividends, etc., at the address given in this report.

### 10.9 Shareholding pattern as on 31<sup>st</sup> March 2012 prior to giving effect to the reduction of share capital upon approval of the Scheme by the Hon'ble High Court of Madras:

Particulars	No. of shares (face value of Rs. 5/- each)	% to total paid up capital
<b>Promoter and Promoter Group</b>		
Indian - Bodies Corporate	3,03,48,128	80.00
<b>Total Shareholding of Promoter and Promoter Group (1)</b>	<b>3,03,48,128</b>	<b>80.00</b>
<b>Public</b>		
(1) Institutions		
(a) Mutual Funds	23,87,423	6.29
(b) Banks and Financial Institutions	804	0.00
(c) Foreign Institutional Investors	11,626	0.03
<b>Total (A)</b>	<b>23,99,853</b>	<b>6.32</b>
(2) Non-Institutions		
(a) Bodies Corporate	6,20,076	1.63
(b) Indian - Individuals	44,93,258	11.86
(c) NRI - Individuals	73,853	0.19
<b>Total (B)</b>	<b>51,87,187</b>	<b>13.68</b>
<b>Total Public Shareholding (A + B) - (2)</b>	<b>75,87,040</b>	<b>20.00</b>
<b>Grand Total (1) + (2)</b>	<b>3,79,35,168</b>	<b>100.00</b>

### 10.10 Distribution of Shareholding as on 31<sup>st</sup> March 2012 prior to giving effect to the reduction of share capital upon approval of the Scheme by the Hon'ble High Court of Madras:

Shareholding (Range)	No of shares	%	No of members	%
Upto 500	24,08,747	6.35	16,814	94.19
501-1000	4,77,455	1.26	638	3.57
1001-2000	3,25,868	0.86	220	1.23
2001-5000	3,27,103	0.86	102	0.57
5001-10000	2,65,456	0.70	35	0.20
10001 & above	3,41,30,539	89.97	42	0.24
<b>Total</b>	<b>3,79,35,168</b>	<b>100.00</b>	<b>17,851</b>	<b>100.00</b>

### 10.11 Dematerialization of shares and liquidity:

Out of 75,87,040 shares held by persons other than promoters, 69,52,871 shares have been dematerialised as on 31<sup>st</sup> March 2012 accounting for 91.64%.

The Company has already achieved 100% of promoter group's shareholding in dematerialized form consisting of 30,348,128 equity shares of face value of Rs.5/- each.



## Sundaram-Clayton Limited

10.12 The Company has not issued any Global Depository Receipt / American Depository Receipt / Warrant or any convertible instrument, which is likely to have impact on the Company's equity.

10.13 Plant locations : **Chennai**  
Padi, Chennai - 600 050  
Tamil Nadu, India  
Tel : 044 - 2625 8212  
Fax : 044 - 2625 7177  
Email : [cnp@scl.co.in](mailto:cnp@scl.co.in)

**Mahindra World City**  
Plot No. AA8, Central Avenue,  
Auto Ancillary SEZ,  
Kancheepuram - 603 002  
Tamil Nadu, India  
Tel. : 044 - 4749 0049  
Email : [cnp@scl.co.in](mailto:cnp@scl.co.in)

**Hosur**  
Hosur - Thally Road,  
Belagondapalli,  
Hosur - 635 114  
Tamil Nadu, India  
Tel. : 04347 - 233445  
Fax : 04347 - 233014  
Email : [cnp@scl.co.in](mailto:cnp@scl.co.in)

10.14 Address for investors correspondence :

- (i) For transfer / dematerialisation of shares, payment of dividend on shares and any other query relating to the shares of the Company : Sundaram-Clayton Limited  
Share transfer department  
No. 22 (Old No.31), Railway Colony,  
3<sup>rd</sup> Street, Mehta Nagar,  
Chennai 600 029  
Tel : 044-2374 1889 / 2374 2939  
Fax : 044-2374 1889
- (ii) for any query on non-receipt of annual report : Email : [kr.raman@scl.co.in](mailto:kr.raman@scl.co.in)  
[investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@scl.co.in)
- (iii) for Investors grievance & general correspondence : Email : [sclshares@gmail.com](mailto:sclshares@gmail.com)  
[r.rajabprakash@scl.co.in](mailto:r.rajabprakash@scl.co.in)

### 11. Non-mandatory disclosures

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

#### 11.1 The Board:

The non-executive directors of the Company are liable to retire by rotation and if eligible, offer themselves for re-appointment. No specific tenure has been fixed for the independent directors

#### 11.2 Remuneration committee:

The board has not constituted a remuneration committee, as the need for forming such committee has not arisen.

#### 11.3 Shareholder rights:

The half-yearly results of the Company are published in English and Vernacular newspapers and are also displayed on the Company's website namely [www.sundaramclayton.com](http://www.sundaramclayton.com) and in the official website of the stock exchanges, where the shares of the Company are listed / traded, as soon as the results are approved by the board. The results are not sent to the shareholders individually.

#### 11.4 Audit qualifications:

The statutory financial statements of the Company are unqualified.

#### 11.5 Training of board members / Mechanism for evaluating non-executive directors:

The present board 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. There is also no specific mechanism for evaluating the performance of the non-executive directors of the Company.

#### 11.6 Whistle blower policy:

The Company has not adopted whistle blower policy. However, the Company has an open door policy and provides access to any employee to approach the management on any issue.

### 12. Request to shareholders

Shareholders are requested to follow the general safeguards / procedures as detailed hereunder in order to serve them efficiently and avoid risks while dealing in securities of the Company.

#### 12.1 Demat of Shares:

Shareholders are requested to convert their physical holding to demat / electronic form through any of the Depository Participants (DPs) to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.

#### 12.2 Registration of Electronic Clearing Service (ECS) Mandate:

The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for payment of dividend through ECS to investors wherever ECS and bank details are available. The Company will not entertain any direct request from members holding shares in electronic mode for deletion of / change in such bank details. Members, who wish to change such bank account details, are therefore requested to advise their DPs about such change, with complete details of bank account.

ECS helps in quick remittance of dividend without possible loss / delay in postal transit. Shareholders, who have not earlier availed this facility, are requested to register their ECS details with the Share Transfer Department or their respective DPs.

#### 12.3 Transfer of shares in physical mode:

Shareholders should fill in complete and correct particulars in the transfer deed, for expeditious transfer of shares. Wherever applicable, registration number of power of attorney should also be quoted in the transfer deed at the appropriate place.

Shareholders, whose signatures have undergone any change over a period of time, are requested to lodge their new specimen signature duly attested by a bank manager to the share transfer department.



## Sundaram-Clayton Limited

In terms of SEBI's circular no. MRD/DoP/Cir -05/1009 dated 20<sup>th</sup> May 2009, it has become mandatory for transferees to furnish a copy of Permanent Account Number (PAN) for registration of transfer of shares to be held in physical mode.

In case of loss / misplacement of share certificates, shareholders should immediately lodge a FIR / Complaint with the police and inform the Company / share transfer department with original or certified copy of FIR / acknowledged copy of complaint for marking stop transfer of shares.

### 12.4 Consolidation of Multiple Folios:

Shareholders, who have multiple folios in identical names, are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.

### 12.5 Registration of Nominations:

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. Shareholders, who have not availed nomination facility, are requested to avail the same by submitting the nomination in Form 2B. This form will be made available on request. Shareholders holding shares in demat form are advised to contact their DP's for making nominations.

### 12.6 Updation of address:

Shareholders are requested to update their address registered with the Company, directly through the share transfer department located at the address mentioned above, to receive all communications promptly.

Shareholders holding shares in electronic form are requested to deal only with their DP's in respect of change of address and furnishing bank account number etc.

### 12.7 SMS Alerts:

Investors are requested to note that National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) have announced the launch of SMS alert facility for demat account holders whereby shareholders will receive alerts for debits / credits (transfers) to their demat accounts a day after the respective transfers. These alerts will be sent to those account holders who have provided their mobile numbers to their Depository Participants (DPs) and made a request for such service. No charge will be levied by NSDL / CDSL on DPs for providing this facility to investors. Further information is available on the website of NSDL and CDSL, namely [www.nsdl.co.in](http://www.nsdl.co.in) and [www.cdslindia.com](http://www.cdslindia.com) respectively.

### 12.8 Timely encashment of dividends:

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation / losing your right to claim owing to transfer of unclaimed dividends beyond seven years to Investors Education and Protection Fund (IEPF).

As required by SEBI, shareholders are requested to furnish details of their bank account number and name and address of the bank for incorporating the same in the warrants. This would avoid wrong credits being obtained by unauthorized persons.

Shareholders who have not encashed their dividend warrants in respect of dividend declared for the financial year ended 31<sup>st</sup> March 2004 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

Shareholders are requested to note that the dividend not claimed for a period of seven years from the date they first became due for payment shall be transferred to IEPF in terms of Section 205C of the Companies Act, 1956. Shareholders are requested to note that as per provisions of the Companies Act, 1956, unclaimed dividends once transferred to IEPF will not be refunded.

Information in respect of the unclaimed dividend of the Company with due date for remittance to IEPF is given below:

Financial year	Date of declaration	Date of transfer to special account	Date of transfer to IEPF
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
2006-07 (Final)	03.10.2007	08.11.2007	08.11.2014
2007-08 (1 <sup>st</sup> Interim)	30.10.2007	05.12.2007	05.12.2014
2007-08 (2 <sup>nd</sup> Interim)	18.08.2008	23.09.2008	23.09.2015
2008-09 (1 <sup>st</sup> Interim)	08.12.2008	13.01.2009	13.01.2016
2008-09 (Final)	29.09.2009	04.11.2009	04.11.2016
2009-10 (1 <sup>st</sup> Interim)	25.01.2010	02.03.2010	02.03.2017
2009-10 (2 <sup>nd</sup> Interim)	13.08.2010	18.09.2010	18.09.2017
2010-11 (1 <sup>st</sup> Interim)	28.01.2011	05.03.2011	05.03.2018
2010-11 (2 <sup>nd</sup> Interim)	12.08.2011	17.09.2011	17.09.2018
2011-12 (2 <sup>nd</sup> Interim)	20.04.2012	26.05.2012	26.05.2019

## **Sundaram-Clayton Limited**

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### 12.9 Unclaimed share certificates:

In terms of the provisions of clause 5A of the Listing Agreement (introduced vide SEBI circular dated 16<sup>th</sup> December, 2010) the unclaimed share certificates will be dematerialized and transferred to "Unclaimed Suspense Account". As required under this clause of the Listing Agreement, the Company sent one reminder letter to the shareholders, whose share certificates were returned undelivered or unclaimed. Action will be taken thereafter to transfer the shares unclaimed to 'Unclaimed Suspense Account' to comply with the requirement of this clause of the Listing Agreement.

### 12.10 Green initiative in corporate governance:

The Ministry of Corporate Affairs has undertaken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. The advantages of sending documents in electronic mode are to:

- Receive communication promptly;
- Reduce paper consumption and save trees;
- Eliminate wastage of paper;
- Avoid loss of document in postal transit; and
- Save costs on paper and on postage

Accordingly, the annual report for the year 2011-2012, notice for the annual general meeting, etc. are being sent in electronic mode to such of the members of the Company whose e-mail addresses are available with the Company and who have not opted to receive the same in physical form.

To support this green initiative of the Government, members are requested to register their e-mail addresses, with the Depository Participants, in case shares are held in dematerialized form and with the Share Transfer Agent, in case the shares are held in physical form and also to intimate changes, if any, in their registered e-mail addresses to the Company / Depository Participant from time to time.

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## **Declaration pursuant to Clause 49 of the Listing Agreement regarding adherence to the Code of Business Conduct and Ethics**

The shareholders of Sundaram-Clayton Limited, Chennai

On the basis of the written declarations received from members of the board and senior management personnel in terms of the relevant provisions of Clause 49 of the Listing Agreement, we hereby certify that both the members of the board and 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 2012

Chennai  
28<sup>th</sup> August 2012

R RAJA PRAKASH  
Company Secretary

VENU SRINIVASAN  
Chairman & Managing Director

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## **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.

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 2012, 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 above mentioned 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*  
Firm Regn. No. 004207S

M. BALASUBRAMANIAM  
*Partner*  
Membership No. F7945

Chennai  
28<sup>th</sup> August 2012

## **Sundaram-Clayton Limited**

### **Auditors' report to the shareholders of M/s. Sundaram-Clayton Limited, Chennai 600 006 for the year ended 31<sup>st</sup> March 2012.**

We have audited the attached balance sheet of Sundaram-Clayton Limited, Chennai - 600 006 as at 31<sup>st</sup> March 2012 and the statement of profit and loss for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. 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 have 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 from any 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 such books.
  - (iii) the balance sheet, statement of profit and loss and cash flow statement, dealt with by this report, are in agreement with the books of accounts.

- (iv) in our opinion, the balance sheet, statement of profit and loss 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 of the Company, as on 31<sup>st</sup> March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director 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 2012;
  - b. in so far as it relates to the Statement of Profit and Loss 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.

For SUNDARAM & SRINIVASAN  
*Chartered Accountants*  
Firm Regn. No. 004207S

M. BALASUBRAMANIAM  
*Partner*  
Membership No. F7945

Chennai  
28<sup>th</sup> August 2012

## **Sundaram-Clayton Limited**

### **Annexure referred to in our report of even date of the accounts for the year ended 31<sup>st</sup> March 2012**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets are physically verified by the management at reasonable intervals as per the Company's policy. In terms of this policy, the Company has carried out the verification last during the year 2010-2011. The next verification of assets is planned to be undertaken shortly. In our opinion, the interval is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The assets disposed off during the year are not substantial and therefore do not affect the going concern status of the Company. Further the investments transferred on demerger also do not affect the going concern status of the Company.
- (ii) (a) The inventory other than overseas inventory has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of such verification is adequate. In respect of inventory with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties.
- (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 books were not material and have been properly dealt with in the books of account.
- (iii) (a) During the year the Company has granted loan of Rs.1485 lakhs to one of its subsidiaries covered in the register maintained under section 301 of the Companies Act, 1956 (through its erstwhile wholly owned subsidiary company viz. Anusha Investments Limited, Chennai). Balance due as at the year end is Rs.1485 lakhs along with interest accrued thereon amounting to Rs.1.92 lakhs.
- (b) In our opinion, the rate of interest and other terms and conditions on which such loans and advances are made are not prima facie prejudicial to the interest of the Company.
- (c) The loan amount of Rs.1485 lakhs along with the interest thereon was recovered by the Company on 3<sup>rd</sup> April, 2012.
- (d) As on the date of Balance Sheet, there was no overdue amount recoverable on the said loans and advances.
- (e) During the year, the Company has not availed any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (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 minor or major continuing failure 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 under 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 of the Companies Act, 1956 and exceeding the value by rupees five lakhs in respect of each party during the year, have been made at prices which are reasonable having regard to the 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, Investors Education and Protection Fund, Income tax, Sales tax, Wealth tax, Customs duty, Excise duty, Service tax and Cess and other statutory dues with the appropriate authorities. However, delays have been noticed in respect of payments of service tax (three instances) and tax deducted at source (one instance). The die casting divisions at Belagondapalli near Hosur and Mahindra World City, Kancheepuram are not covered under the Employees' State Insurance Act, 1948.
- (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 2012 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 authorities concerned.

## Sundaram-Clayton Limited

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	(a) 50.30	The Hon'ble High Court of Judicature at Madras
		(b) 7.18	Commissioner of Income Tax (Appeals), Chennai
Total		57.48	
Wealth Tax Act, 1957	Wealth tax	14.61	Commissioner of Income tax (Appeals), Chennai
Central Excise Act, 1944	Interest on Excise duty	(a) 5.97	The Hon'ble High Court of Judicature at Madras
	Excise duty	(b) 831.96	Commissioner of Central Excise, Chennai
Total		837.93	
Finance Act, 1994	Service tax	(a) 52.54	Central Excise and Service Tax Appellate Tribunal, Chennai
		(b) 45.50	Commissioner (Appeals), Chennai
		(c) 144.20	Commissioner of Service tax, Chennai
		(d) 66.57	Additional Commissioner of Service tax, Chennai
		(e) 19.61	Joint Commissioner of Service tax, Chennai
		(f) 3.13	Asst. Commissioner of Service tax, Chennai
		(g) 155.83	Commissioner of Central Excise, Chennai
Total		487.38	
Tamilnadu Town and Country Planning Act, 1971	Fee payable to CMDA / Municipal Authorities	69.42	The Hon'ble High Court of Judicature at Madras

- (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 its banks.
- (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 this clause of the Order is not applicable.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments other than in mutual fund investments. Proper records have been maintained in respect of these transactions and contracts and timely entries have been made therein. The investments are held by the Company in its own name, other than those acquired on amalgamation, which are pending transfer in Company's name.
- (xv) In our opinion, the terms and conditions of guarantees granted by the Company for loans taken by others are not prejudicial to the interests of the Company.
- (xvi) The term loans availed by the Company were applied for the purpose for which the loans were obtained.
- (xvii) On the basis of our examination, the Company has not used funds raised on short term basis for long term investments.
- (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 through public issue.
- (xxi) The Company has received an intimation from a Chennai based Bank that a person has drawn fraudulently Rs.190 lakhs from the Bank under bill discounting facilities towards forged invoices for canteen supplies to the Company. The fact that the Company has no relation with the said person and it has no connection with the invoices raised has been intimated to the Bank by the Company. Hence the Company is not liable to pay the said amount of Rs.190 lakhs. Accordingly, this has been included under 'Liabilities contested and not provided for.'

For SUNDARAM & SRINIVASAN  
Chartered Accountants  
Firm Regn. No. 004207S

- (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.

Chennai  
28<sup>th</sup> August 2012

M. BALASUBRAMANIAM  
Partner  
Membership No. F7945



## Sundaram-Clayton Limited

### Balance Sheet as at 31<sup>st</sup> March 2012

(Rupees in lakhs)

	Note number	As at 31.03.2012	As at 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	I	948.38	1,896.76
(b) Reserves and surplus	II	27,371.11	24,132.93
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	III	10,916.35	10,656.16
(b) Deferred tax liabilities (Net)		2,001.17	2,173.17
(c) Long-term provisions	IV	2,596.09	2,471.42
<b>3 Current liabilities</b>			
(a) Short-term borrowings	V	21,856.11	19,789.44
(b) Trade payables		10,165.41	9,142.45
(c) Other current liabilities	VI	13,090.78	8,273.07
(d) Short-term provisions	VII	3,070.36	1,609.23
<b>Total</b>		92,015.76	80,144.63
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>1 (a) Fixed assets</b>			
(i) Tangible assets	VIII	30,953.44	33,295.56
(ii) Intangible assets	VIII	79.33	34.03
(iii) Capital work-in-progress	VIII	8,466.14	3,285.56
(b) Non-current investments	IX	5,163.26	6,284.07
(c) Long-term loans and advances	X	2,268.17	1,867.09
(d) Other non-current assets	XI	20.31	44.31
<b>2 Current assets</b>			
(a) Current investments	XII	643.01	553.64
(b) Inventories	XIII	19,169.90	16,601.64
(c) Trade receivables	XIV	15,852.86	11,963.07
(d) Cash and cash equivalents	XV	680.37	214.72
(e) Short-term loans and advances	XVI	8,283.04	5,548.69
(f) Other current assets	XVII	435.93	452.25
<b>Total</b>		92,015.76	80,144.63
Accounting Standards, additional disclosures and notes on accounts	XXIV		

VENU SRINIVASAN  
*Chairman & Managing Director*

GOPAL SRINIVASAN  
*Director*

As per our report annexed  
For SUNDARAM & SRINIVASAN  
*Chartered Accountants*  
Firm Regn. No. 004207S

Chennai  
28<sup>th</sup> August, 2012

V N VENKATANATHAN  
*Executive Vice-President (Finance)*

R RAJA PRAKASH  
*Company Secretary*

M BALASUBRAMANIAM  
*Partner*  
Membership No. F7945

## Sundaram-Clayton Limited

### Statement of Profit & Loss for the year ended 31<sup>st</sup> March 2012

		(Rupees in lakhs)	
	Note number	Year ended 31.03.2012	Year ended 31.03.2011
I	Revenue from operations	101,700.15	80,565.11
II	Other income	3,422.89	2,224.24
III	Total Revenue (I + II)	<u>105,123.04</u>	<u>82,789.35</u>
IV	Expenses:		
	Cost of materials consumed	54,927.13	44,984.44
	Purchases of Stock-in-Trade [vide Note XXIV(1)(x)]	–	127.40
	Changes in inventories of finished goods, work-in-process and Stock-in-Trade	XX (1,314.73)	(3,270.42)
	Employee benefits expense	XXI 11,942.87	9,629.99
	Finance costs	XXII 3,841.75	2,174.14
	Depreciation and amortization expense	4,733.90	4,083.09
	Other expenses	XXIII <u>25,433.98</u>	<u>20,540.12</u>
	Total expenses	<u>99,564.90</u>	<u>78,268.76</u>
V	Profit before exceptional items and tax (III-IV)	5,558.14	4,520.59
VI	Exceptional item - Profit on sale of long term investments	2,534.45	–
VII	Profit before tax (V + VI)	<u>8,092.59</u>	<u>4,520.59</u>
VIII	Tax expense:		
	(1) Current tax	1,035.00	656.27
	(2) Deferred tax	(172.00)	138.48
IX	Profit/(Loss) for the period from continuing operations (VII-VIII)	<u>7,229.59</u>	<u>3,725.84</u>
X	Profit/(Loss) from discontinuing operations [vide Note No. XXIV(1)(x)]	0.45	–
XI	Tax expense of discontinuing operations	0.09	–
XII	Profit/(Loss) from Discontinuing operations (after tax) (X-XI)	0.36	–
XIII	Profit/(Loss) for the period (IX + XII)	<u>7,229.95</u>	<u>3,725.84</u>
XIV	Earnings per equity share [Vide Note No XXIV (1) (t)]:		
	(1) Basic (in Rs.)	30.13	9.82
	(2) Diluted (in Rs.)	<u>30.13</u>	<u>9.82</u>
	Accounting Standards, additional disclosures and notes on accounts	XXIV	

VENU SRINIVASAN  
*Chairman & Managing Director*

GOPAL SRINIVASAN  
*Director*

As per our report annexed  
For SUNDARAM & SRINIVASAN  
*Chartered Accountants*  
Firm Regn. No. 004207S

Chennai  
28<sup>th</sup> August, 2012

V N VENKATANATHAN  
*Executive Vice-President (Finance)*

R RAJA PRAKASH  
*Company Secretary*

M BALASUBRAMANIAM  
*Partner*  
Membership No. F7945

## Sundaram-Clayton Limited

### Notes on accounts

Particulars	As at 31.03.2012		As at 31.03.2011			
	Number	Rupees in lakhs	Number	Rupees in lakhs		
<b>I. SHARE CAPITAL</b>						
a) Details of authorised, issued and subscribed share capital						
<b>Authorised Capital</b>						
Equity Shares of Rs.5/- each *	50,000,000	2,500.00	40,000,000	2,000.00		
<b>Issued,Subscribed &amp; Paid up Capital</b>						
Equity Shares of Rs.5/- each fully paid	18,967,584	948.38	37,935,168	1,896.76		
Out of the above:						
Equity shares allotted as fully paid up by way of bonus shares in the five years immediately preceeding the date of Balance Sheet:						
a) Number of shares - 1,89,67,584						
b) Year of allotment - Year ended 31st March, 2010.	18,967,584	948.38	37,935,168	1,896.76		
* The increase in authorised capital by Rs.500 lakhs (1,00,00,000 equity shares of Rs.5 each) is on account of aggregation of authorised share capital of Anusha Investments Limited, Chennai, the erstwhile wholly owned subsidiary company. This is approved by the Honourable High Court of Judicature at Madras vide its order dated 03-08-2012 on the composite scheme of arrangement including amalgamation and demerger.						
(b) Reconciliation of equity shares outstanding at the beginning and at the end of 31 <sup>st</sup> March 2012						
Shares outstanding at the beginning of the year	37,935,168	1,896.76	37,935,168	1,896.76		
Shares Issued during the year	-	-	-	-		
Reduction pursuant to composite scheme of arrangement sanctioned by the Honourable High Court of Judicature at Madras (vide its order dated 03-08-2012)	(18,967,584)	(948.38)	-	-		
Shares outstanding at the end of the year	18,967,584	948.38	37,935,168	1,896.76		
(c) i) Rights and preferences attached to equity share:						
Every shareholder is entitled to such rights as to attend the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the Company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act 1956.						
ii) There are no restrictions attached to equity shares.						
(d) Details of shares held by holding/ultimate holding/subsidiaries/associates of holding company at the end of 31 <sup>st</sup> March 2012						
Name of Shareholder	Relationship	Class of Share	As at 31.03.2012		As at 31.03.2011	
			No. of shares held	% of holding	No. of shares held	% of holding
T V Sundram Iyengar & Sons Limited - Madurai	Holding company	Equity	3,807,330	20.07	7,614,660	20.07
Sundaram Industries Limited- Madurai	Fellow Subsidiary	Equity	6,062,522	31.96	12,125,044	31.96
Southern Roadways Limited- Madurai	Fellow Subsidiary	Equity	3,031,127	15.98	6,062,254	15.98
(e) Details of shareholders holding more than five percent at the end of 31 <sup>st</sup> March 2012 (other than I (d))						
Name of Shareholder	Class of Share	As at 31.03.2012		As at 31.03.2011		
		No. of shares held	% of holding	No. of shares held	% of holding	
Sundaram Finance Limited- Chennai	Equity	2,273,085	11.98	4,546,170	11.98	

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

	(Rupees in lakhs)		
Particulars	As at 31.03.2012	As at 31.03.2011	
<b>II. RESERVES AND SURPLUS</b>			
<b>a. Capital Reserves</b>			
Opening Balance	3,397.00	3,397.00	
Add: On account of amalgamation *	4,307.25	–	
	<u>7,704.25</u>	<u>3,397.00</u>	
Less: On account of demerger *	5,425.33	–	
Transferred to General Reserve *	2,278.92	<u>7,704.25</u>	
Closing Balance	–	<u>3,397.00</u>	
* Transfer Pursuant to composite scheme of arrangement sanctioned by the Honourable High Court of Judicature at Madras			
<b>b. General reserve</b>			
Opening Balance	18,052.41	17,679.82	
Add: Transfer from the Statement of Profit and Loss	723.00	372.59	
Transfer from capital reserves	2,278.92	–	
Closing Balance	<u>21,054.33</u>	<u>18,052.41</u>	
<b>c. Surplus i.e. balance in Statement of Profit and Loss</b>			
Opening balance	2,683.52	1,482.39	
Add: Net Profit for the current year	7,229.95	3,725.84	
	9,913.47	5,208.23	
Less: Allocations / Appropriations			
First Interim Dividend Paid	–	948.38	
Second interim dividend payable	–	1,232.89	
Interim Dividend payable	2,181.29	–	
Dividend tax	353.86	41.53	
Tax relating to earlier years	338.54	(70.68)	
Transfer to general reserve	723.00	372.59	
Closing Balance	<u>6,316.78</u>	<u>2,683.52</u>	
<b>Total (d) = (a+b+c)</b>	<u>27,371.11</u>	<u>24,132.93</u>	
<b>III. LONG-TERM BORROWINGS</b>			
<b>(a) Secured</b>			
Term loans			
From banks	10,766.35	10,506.16	
<b>(b) Unsecured</b>			
From other parties	150.00	150.00	
<b>Total</b>	<u>10,916.35</u>	<u>10,656.16</u>	

#### Details of repayment terms of Long term loans

(Rupees in lakhs)

Total of loans repayable	Loans repayable in 2011-12 (Current maturity)	Balance long term loan as at 31-03-2011	Description	Frequency	No. of instalments due	Maturity	Total of loans repayable	Loans repayable in 2012-13 (Current maturity)	Balance long term loan as at 31-03-2012
1,222.20	1,222.20	–	External Commercial Borrowings- I	Half Yearly	–	March 2012	–	–	–
1,664.00	832.00	832.00	External Commercial Borrowings- II	Half Yearly	2	January 2013	957.50	957.50	–
4,460.00	1,784.00	2,676.00	External Commercial Borrowings- III	Half Yearly	3	September 2013	3,045.00	2,030.00	1,015.00
2,915.00	1,668.00	1,247.00	Rupee Term Loan I	Quarterly	3	December 2012	1,247.00	1,247.00	–
5,000.00	–	5,000.00	Rupee Term Loan II	Quarterly	14	February 2016	5,000.00	714.30	4,285.70
751.16	–	751.16	Rupee Term Loan III	Half Yearly	8	March 2016	5,000.00	1,250.00	3,750.00
–	–	–	Buyer's credit	Bullet payment	NIL	July 2014 to December 2014	1,715.65	–	1,715.65
16,012.36	5,506.20	10,506.16	Sub-total				16,965.15	6,198.80	10,766.35
150.00	–	150.00	Soft loan from DSIR	Yearly			150.00	–	150.00
16,162.36	5,506.20	10,656.16	Total				17,115.15	6,198.80	10,916.35

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

#### III. LONG-TERM BORROWINGS – (continued)

Details of securities created

- (i) External Commercial Borrowings (ECB):  
Secured by first and exclusive charge on specific plant and equipment situated at the Company's factories.
- (ii) Rupee Term Loans:  
Secured by first and exclusive charge on specific plant and equipment situated at the Company's factories.
- (iii) Buyer's credit  
Secured by first and exclusive charge on specific plant and equipment situated at the Company's factories.
- (iv) Soft loan from Department of Science & Industrial Research, Govt. of India (DSIR) is unsecured.

Amount payable in each instalments

Description	Currency	Amount
ECB II	JPY	¥111,550,000
ECB III	JPY	¥215,260,000
Term Loan I	INR	417 lakhs
Term Loan II	INR	357.15 lakhs
Term Loan III	INR	625 lakhs

Soft loan from DSIR: Repayable in 5 yearly instalments "from the start of commercial sale of the product produced in the commercial plant, or a new producing plant installed on the basis of result of the Technology Development and Demonstration Programme (TDDP) project, whichever is earlier"

(Rupees in lakhs)

As at 31.03.2012                      As at 31.03.2011

#### IV. LONG-TERM PROVISIONS

(a) Employee benefits		
(i) Pension	2,249.33	2,144.41
(ii) Leave salary	151.70	131.95
(b) Others		
Sales Tax	195.06	195.06
<b>Total</b>	<u>2,596.09</u>	<u>2,471.42</u>

#### V. SHORT-TERM BORROWINGS

(a) Secured		
From banks- Repayable on demand	13,976.10	13,566.69
(b) Unsecured		
From banks- Short term	7,880.01	6,222.75
<b>Total</b>	<u>21,856.11</u>	<u>19,789.44</u>

Details of securities created for loans availed and referred to in V(a) above

First charge by way of hypothecation and / or pledge of current assets viz., stocks of raw materials, semi finished and finished goods, stores and spares not relating to plant and equipment, bills receivable, book debts and all other movables located in all plants.

#### VI. OTHER CURRENT LIABILITIES

(a) Current maturities of long-term debt		
Term loans	6,198.80	5,506.20
(b) Interest accrued but not due on borrowings	217.51	180.95
(c) Unpaid dividends	37.96	40.50
(d) Others		
(i) Tax deducted at source payable	102.81	124.82
(ii) Sales tax payable	497.33	113.74
(iii) Employee related	692.69	522.34
(iv) For expenses	2,543.43	562.40
(v) Advance received	1,514.72	1,222.12
(vi) Capital goods	1,285.53	–
<b>Total</b>	<u>13,090.78</u>	<u>8,273.07</u>



## Sundaram-Clayton Limited

### Notes on accounts – (continued)

	(Rupees in lakhs)	
	As at 31.03.2012	As at 31.03.2011
<b>VII. SHORT-TERM PROVISIONS</b>		
(a) Employee benefit - Leave salary	83.22	71.05
(b) Warranty	282.51	267.51
(c) Interim dividend payable	2,181.29	1,232.89
(d) Dividend tax payable	353.86	37.78
(e) Provision for taxation (net of advance tax of Rs.417.86 lakhs)	169.48	–
<b>Total</b>	<b>3,070.36</b>	<b>1,609.23</b>

### VIII. NON-CURRENT ASSETS - FIXED ASSETS

(Rupees in lakhs)

Description	Tangible							Intangible* (Software)		Total (tangible and intangible)			
	Land		Buildings	Plant & equip- ment	Furniture & fixtures	Office equip- ment	Vehicles	Total as at		As at			
	Free hold	Lease hold						31/03/ 2012	31/03/ 2011	31/03/ 2012	31/03/ 2011	31/03/ 2012	31/03/ 2011
Cost of assets													
As at 01-04-2011	259.72	932.45	5,887.19	46,844.07	497.92	1,124.45	830.52	56,376.32	48,908.72	218.59	155.32	56,594.91	49,064.04
Acquisition through amalgamation	89.52	–	80.25	0.75	–	–	1.10	171.62	–	–	–	171.62	–
Additions #	3.58	–	252.09	5,008.89	174.32	115.84	332.12	5,886.84	7,895.05	152.76	63.27	6,039.60	7,958.32
Sub-total	352.82	932.45	6,219.53	51,853.71	672.24	1,240.29	1,163.74	62,434.78	56,803.77	371.35	218.59	62,806.13	57,022.36
Sales / Deletion / Amortisation	–	** (9.79)	–	(5,727.91)	(1.60)	(36.65)	(16.43)	(5,792.38)	(427.45)	–	–	(5,792.38)	(427.45)
<b>Total</b>	<b>352.82</b>	<b>922.66</b>	<b>6,219.53</b>	<b>46,125.80</b>	<b>670.64</b>	<b>1,203.64</b>	<b>1,147.31</b>	<b>56,642.40</b>	<b>56,376.32</b>	<b>371.35</b>	<b>218.59</b>	<b>57,013.75</b>	<b>56,594.91</b>
Depreciation & Amortisation													
Upto 31-03-2011	–	–	1,146.93	20,642.41	222.40	772.34	296.68	23,080.76	19,301.45	184.56	148.66	23,265.32	19,450.11
Acquisition through amalgamation	–	–	17.64	0.75	–	–	1.10	19.49	–	–	–	19.49	–
For the year	–	–	182.20	4,225.16	34.07	92.65	92.36	4,626.44	4,047.19	107.46	35.90	4,733.90	4,083.09
Sub-total	–	–	1,346.77	24,868.32	256.47	864.99	390.14	27,726.69	23,348.64	292.02	184.56	28,018.71	23,533.20
Withdrawn on assets sold / deleted	–	–	–	(1,989.60)	(1.59)	(32.71)	(13.83)	(2,037.73)	(267.88)	–	–	(2,037.73)	(267.88)
<b>Total</b>	<b>–</b>	<b>–</b>	<b>1,346.77</b>	<b>22,878.72</b>	<b>254.88</b>	<b>832.28</b>	<b>376.31</b>	<b>25,688.96</b>	<b>23,080.76</b>	<b>292.02</b>	<b>184.56</b>	<b>25,980.98</b>	<b>23,265.32</b>
Written down value													
As at 31-03-2012	352.82	922.66	4,872.76	23,247.08	415.76	371.36	771.00	30,953.44	–	79.33	–	31,032.77	–
As at 31-03-2011	259.72	932.45	4,740.26	26,201.66	275.52	352.11	533.84	–	33,295.56	–	34.03	–	33,329.59
<b>CAPITAL WORK-IN-PROGRESS (AT COST)#</b>													
(a) Building												3,053.55	1,088.08
(b) Plant & equipment												5,412.59	2,197.48
<b>Total</b>												<b>8,466.14</b>	<b>3,285.56</b>

\* Vide Note No. XXIV (1) (z) regarding Intangible Assets under Accounting Standard- 26

\*\* Charged under the head rent paid

# Addition includes loss arising on account of restatement of external commercial borrowing attributable to acquisition of plant and equipment amounting to Rs. 843.79 lakhs (previous year gain - Rs.54.56 lakhs) - vide notes on accounts note no. XXIV (1)(k) under Accounting Standard -11.

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

Particulars	(Rupees in lakhs)	
	As at 31.03.2012	As at 31.03.2011
<b>IX. NON-CURRENT INVESTMENTS</b>		
<b>A Trade Investments</b>		
(a) Investment in Equity instruments	710.00	5,729.37
(b) Equity Instruments acquired through Amalgamation	1,820.80	-
(c) Investments in Preference shares	1,001.33	-
(d) Investments in Private equity instruments	1,086.93	-
Total - Trade Investments	<u>4,619.06</u>	<u>5,729.37</u>
Less : Provision for diminution in the value of investments *	10.50	-
Net Total - Trade Investments (A)	<u>4,608.56</u>	<u>5,729.37</u>
<b>B Other Investments</b>		
(a) Investment in Equity instruments	0.07	0.07
(b) Employees pension related investments	554.63	554.63
Total Other Investments (B)	<u>554.70</u>	<u>554.70</u>
<b>Total (A + B)</b>	<u>5,163.26</u>	<u>6,284.07</u>

\* Note: All investments are carried at cost. Provision for diminution in value of investments has been created wherever necessary.

#### Details of Non-current investments

Sl. No.	Name of the body corporate	Subsidiary/ associate/ JV/controlled entity	No. of shares / units		Extent of holding (%)		Rupees in lakhs	
			As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
<b>A. Trade Investments</b>								
(a)	Investment in Equity Instruments - Fully paid-up							
(i)	Quoted							
	TVS Motor Company Limited, Chennai	Subsidiary	4,20,00,000	4,20,00,000	8.84%	8.84%	210.00	210.00
(ii)	Unquoted							
	TVS Energy Limited, Chennai	Subsidiary	45,00,000	45,00,000	5.54%	8.00%	450.00	450.00
	Anusha Investments Limited, Chennai	Subsidiary	-	5,00,000	-	100.00%	-	500.00
	TVS Investments Limited, Chennai	Subsidiary	-	2,71,88,318	-	100.00%	-	4,459.37
	Sundaram Investment Limited, Chennai	Subsidiary	-	1,00,000	-	100.00%	-	5.00
	Arkay Energy (Rameswaram) Limited, Hyderabad	Others	-	10,50,000	-	-	-	105.00
	TVS Training and Services Limited, Chennai - Share application money	Others	-	-	-	-	50.00	-
	<b>Total (a)</b>						710.00	5,729.37
(b)	Equity Instruments acquired through Amalgamation							
(i)	Quoted							
	TVS Motor Company Limited, Chennai	Subsidiary	23,06,82,786	-	48.56%	-	1,749.24	-
	Suprajit Engineering Limited, Bengaluru	Others	57,72,000	-	-	-	43.29	-
	Harita Seating Systems Limited, Chennai	Others	7,280	-	-	-	4.04	-
	India Nippon Electricals Limited, Chennai	Others	2,945	-	-	-	1.44	-
	Eicher Motors Limited, New Delhi	Others	100	-	-	-	0.03	-
	Mahindra & Mahindra Limited, Mumbai	Others	92	-	-	-	0.01	-
	Kinetic Engineering Limited, Pune	Others	60	-	-	-	0.08	-
	Bajaj Auto Limited, Pune Cost - Rs.348/-	Others	50	-	-	-	-	-
	Hero Motocorp Limited, New Delhi Cost Rs.186/-	Others	50	-	-	-	-	-
	Premier Limited, Mumbai (formerly known as Premier Automobiles Limited)	Others	50	-	-	-	0.01	-
	LML Limited, Kanpur - Cost Rs.250/-	Others	25	-	-	-	-	-
	Summit Securities Limited, Mumbai	Others	11	-	-	-	-	-
(ii)	Unquoted							
	TVS Finance and Services Limited, Chennai (associate upto 6-July-11)	Others	78,00,000	-	-	-	0.78	-
	Sundram Non Conventional Energy Systems Limited, Chennai	Associate	1,17,650	-	-	-	11.77	-
	L P Polymers Limited, Hyderabad	Others	1,00,000	-	-	-	10.00	-
	PAL Peugeot Limited, New Delhi	Others	400	-	-	-	0.04	-
	Shree Chamundi Mopeds Limited, Tumkur (under liquidation)	Others	100	-	-	-	0.02	-
	DCM Daewoo Motors Limited, New Delhi	Others	100	-	-	-	0.02	-
	Orkay Industries Limited, Mumbai	Others	38	-	-	-	0.01	-
	Athena Financial Services Limited, Pune	Others	33	-	-	-	0.02	-
	<b>Total (b)</b>						1,820.80	-

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

#### Details of Non-current investments - (continued)

Sl. No.	Name of the body corporate	Subsidiary/ associate/ JV/controlled entity	No. of shares / units		Extent of holding (%)		Rupees in lakhs	Rupees in lakhs
			As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
(c)	Investment in Preference shares - Fully paid-up (Acquisition through amalgamation) - Unquoted TVS Finance and Services Limited, Chennai - 6% Non Cumulative Non convertible Redeemable Preference Shares	Others	75,68,000	-	-	-	0.76	-
	TVS Finance and Services Limited, Chennai - 9% Non Cumulative Non convertible Redeemable Preference Shares	Others	57,34,650	-	-	-	0.57	-
	TVS Motor Services Limited, Chennai - Non Cumulative Preference Shares	Others	1,00,00,000	-	-	-	1,000.00	-
	<b>Total (c)</b>						1,001.33	-
(d)	Investments in Private equity instruments TVS Shriram Growth fund Scheme 1 of TVS Capital Funds Limited, Chennai	Others	27,443	-	-	-	274.43	-
	TVS Shriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai	Others	11,250	-	-	-	112.50	-
	Acquisition through amalgamation TVS Shriram Growth fund Scheme 1 of TVS Capital Funds Limited, Chennai	Others	70,000	-	-	-	700.00	-
	<b>Total (d)</b>						1,086.93	-
	<b>Total A (a+b+c+d)</b>						4,619.06	5,729.37
<b>B</b>	<b>Other Investments</b>							
(a)	Investment in equity instruments - Partly paid-up- Unquoted Adyar Property Holding Company Limited, Chennai	Others	105	105	-	-	0.07	0.07
(b)	Employees pension related ICICI Prudential Life Insurance Company Limited, Mumbai		-	-	-	-	554.63	554.63
	<b>Total B (a+b)</b>						554.70	554.70
	<b>Total (A)+(B)</b>						5,173.76	6,284.07

Note: All investments are carried at cost.

#### Summary of non-current investments

(Rupees in lakhs)

Sl. No.	Particulars	As at 31.03.2012		As at 31.03.2011	
		Cost	Market value	Cost	Market value
(a)	Quoted investments	2,008.14	1,12,960.80	210.00	25,137.00
(b)	Unquoted investments	3,165.62	-	6,074.07	-
	<b>Total</b>	5,173.76	1,12,960.80	6,284.07	25,137.00

Notes: 1. Sundaram-Clayton Limited (SCL) holds 57.4% of the paid up equity capital of TVS Motor Company Limited (TVSM) directly, pursuant to the scheme of amalgamation of Anusha Investments Limited with SCL.

2. SCL and its subsidiary TVSM together hold 100% of the paid up equity capital of TVS Energy Limited, Chennai. Hence, TVS Energy Limited is a subsidiary of SCL u/s 4(1)(b) of the Companies Act, 1956.

(Rupees in lakhs)

	As at	As at
	31.03.2012	31.03.2011

### X. LONG-TERM LOANS AND ADVANCES

Unsecured, considered good

(a) Capital advances	631.17	938.22
(b) Deposits made	1,430.56	716.33
(c) Advance payment of tax (net of provision of Rs. 1,797.53 lakhs - Previous year Rs.751.52 lakhs)	206.44	212.54
<b>Total</b>	<u>2,268.17</u>	<u>1,867.09</u>

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

		(Rupees in lakhs)	
		As at 31.03.2012	As at 31.03.2011
<b>XI. OTHER NON-CURRENT ASSETS</b>			
(a)	Upfront fees on long term borrowings	–	44.31
(b)	Foreign Currency Monetary Item Translation Difference	20.31	–
	<b>Total</b>	20.31	44.31
<b>XII. CURRENT INVESTMENTS</b>			
(a)	Investments in Equity instruments	105.00	16.23
(b)	Investments in Mutual Funds	647.43	718.32
	<b>Total</b>	752.43	734.55
	Less : Provision for diminution in the value of investments *	109.42	180.91
	Net realisable value	643.01	553.64

\* Note: All investments are carried at cost. Provision for diminution in value of investments has been created wherever necessary.

#### Details of Current investments – (continued)

Sl. No.	Name of the body corporate	Subsidiary/ associate/ JV/controlled entity / Others	No. of shares / units		Quoted / Unquoted	Rupees in lakhs	
			As at 31.03.2012	As at 31.03.2011		As at 31.03.2012	As at 31.03.2011
(a)	Investments in Equity Instruments - Fully paid-up						
(i)	Arkay Energy (Rameswaram) Limited, Hyderabad	Others	1,050,000	–	Unquoted	105.00	–
(ii)	ICICI Bank Limited, Mumbai	Others	–	34,346	Quoted	–	6.87
(iii)	Housing Development Finance Corporation Limited, Mumbai	Others	–	348,700	Quoted	–	9.31
(iv)	HDFC Bank Limited, Mumbai	Others	–	500	Quoted	–	0.05
	<b>Total (a)</b>					105.00	16.23
(b)	Investments in Mutual Funds						
(i)	Sundaram Asset Management Company Limited, Chennai (Sundaram Energy Opportunities Fund - Growth option)	Others	–	1,000,000	Quoted	–	100.00
(ii)	TATA Asset Management Limited, Mumbai (Tata Indo Global Infrastructure Fund - Growth option)	Others	–	3,000,000	Quoted	–	300.00
(iii)	J M Financial Asset Management Private Limited, Mumbai (J M Basic Fund - Growth option)	Others	–	317,283	Quoted	–	108.32
(iv)	L&T Mutual Fund, Mumbai (L& T Opportunities Fund Cumulative plan)	Others	–	422,221	Quoted	–	210.00
(v)	L&T Mutual Fund, Mumbai (L & T Ultra Short Term Fund)	Others	97,342	–	Quoted	16.67	–
(vi)	Reliance Mutual Fund, Mumbai (Reliance liquidity fund - Growth)	Others	536,941	–	Quoted	83.84	–
(vii)	Kotak Mutual Fund, Mumbai (Kotak Liquid Institutional growth)	Others	973,575	–	Quoted	203.06	–
(viii)	JM Financial Mutual Fund, Mumbai (JM Money Manager Fund )	Others	158,916	–	Quoted	23.81	–
	Acquisition through amalgamation						
(i)	Sundaram Energy Opportunities Fund - Growth of Sundaram Mutual Fund, Chennai (Last year Sundaram BNP Paribas Mutual Fund)	Others	500,000	–	Quoted	50.00	–
(ii)	SBI Magnum Comma Fund SBI Mutual Fund, Mumbai	Others	421,200	–	Quoted	120.00	–
(iii)	Sundaram Capex Opportunities Growth Sundaram Mutual Fund, Chennai	Others	454,707	–	Quoted	150.00	–
(iv)	Morgan Stanley Growth Fund Morgan Stanley Mutual Fund, Mumbai	Others	500	–	Quoted	0.05	–
	<b>Total (b)</b>					647.43	718.32
	<b>Total (a)+(b)</b>					752.43	734.55

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

#### Summary of current investments

(Rupees in lakhs)

Sl. No.	Particulars	As at 31.03.2012		As at 31.03.2011	
		Cost	Market value	Cost	Market value
(a)	Quoted investments	647.43	543.17	734.55	3,377.58
(b)	Unquoted investments	105.00	–	–	–
	<b>Total</b>	<b>752.43</b>	<b>543.17</b>	<b>734.55</b>	<b>3,377.58</b>

(Rupees in lakhs)

As at  
31.03.2012

As at  
31.03.2011

#### XIII. INVENTORIES (at weighted average cost or net realisable value whichever is less)

(a) Raw Materials and components *	2,483.29	2,268.47
(b) Goods-in transit- Raw Materials and components *	884.26	807.04
(c) Work-in-process *	2,163.69	1,753.59
(d) Finished goods *	8,903.89	7,999.26
(e) Stores and spares *	4,734.77	3,773.28
<b>Total</b>	<u>19,169.90</u>	<u>16,601.64</u>
Note: Work-in-process comprises of:		
(a) Semi finished castings pending for machining / under inspection	1,630.98	1,282.97
(b) Semi finished machined products	532.71	470.62
	<u>2,163.69</u>	<u>1,753.59</u>

\* as certified by Chairman & Managing Director

#### XIV. TRADE RECEIVABLES

(a) Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	130.92	24.29
(ii) Considered doubtful	403.10	109.22
	<u>534.02</u>	<u>133.51</u>
Less: Provision for doubtful debts	403.10	109.22
	<u>130.92</u>	<u>24.29</u>
(b) Other unsecured debts (considered good)	15,721.94	11,938.78
<b>Total</b>	<u>15,852.86</u>	<u>11,963.07</u>

#### XV. CASH AND CASH EQUIVALENTS

(a) Balances with banks	359.67	126.39
(b) Cheques/drafts on hand	275.68	41.18
(c) Cash on hand	7.06	6.65
(d) Earmarked balances with banks (for unpaid dividend)	37.96	40.50
<b>Total</b>	<u>680.37</u>	<u>214.72</u>

#### XVI. SHORT TERM LOANS AND ADVANCES

Unsecured considered good:		
(a) Loans and advances to related parties	1,485.00	28.27
(b) Others:		
(i) Employee related	166.08	130.17
(ii) Excise current account	1,672.13	1,087.15
(iii) Vendor advance	4,149.75	3,668.98
(iv) Prepaid Expenses	248.24	181.41
(v) Advance payment of Income-tax (net of provisions of Rs.Nil - Previous year Rs.407.57 Lakhs)	–	215.07
(vi) Export benefit	199.62	33.07
(vii) VAT receivable	192.36	132.32
(viii) Service Tax receivable	169.86	72.25
<b>Total</b>	<u>8,283.04</u>	<u>5,548.69</u>



## Sundaram-Clayton Limited

### Notes on accounts – (continued)

	(Rupees in lakhs)	
	As at 31.03.2012	As at 31.03.2011
<b>XVII. OTHER CURRENT ASSETS</b>		
(a) Claims receivable	360.45	417.78
(b) Upfront fees on long term borrowings	–	28.98
(c) Foreign Currency Monetary Item Translation Difference	50.04	–
(d) Premium on forward contracts	18.61	5.49
(e) Interest accrued on investments and Loans & advances	6.83	–
<b>Total</b>	<u>435.93</u>	<u>452.25</u>
	Year ended 31.03.2012	Year ended 31.03.2011
<b>XVIII. REVENUE FROM OPERATIONS</b>		
(a) Sale of products	103,524.13	81,698.50
(b) Sale of traded goods *	–	204.18
(c) Sale of services #	1,620.67	1,308.38
(d) Other operating revenues	<u>2,788.16</u>	<u>3,093.63</u>
	107,932.96	86,304.69
Less: Excise duty	<u>6,232.81</u>	<u>5,739.58</u>
	<u>101,700.15</u>	<u>80,565.11</u>
* Refer Note No.XXIV (1) (x) - Accounting Standard- 24		
# Refer Note No.XXIV (12) for broad head of sale of services.		
<b>XIX. OTHER INCOME</b>		
(a) Interest income	69.84	41.53
(b) Dividend		
(i) From subsidiary	3,272.19	1,715.00
(ii) From others	74.09	29.29
(c) Net gain on sale of investments	–	28.42
(d) Profit on sale of fixed assets	6.77	212.94
(e) Net gain on foreign currency transactions and translation	–	197.06
<b>Total</b>	<u>3,422.89</u>	<u>2,224.24</u>
<b>XX. MATERIAL COST</b>		
Cost of Materials consumed		
Opening stock of raw materials and components	2,268.47	2,434.87
Add: Purchases	<u>55,141.95</u>	<u>44,818.04</u>
	57,410.42	47,252.91
Less: Closing stock of raw materials and components	<u>2,483.29</u>	<u>2,268.47</u>
Cost of materials consumed	<u>54,927.13</u>	<u>44,984.44</u>
Purchases of traded goods	–	127.40
Changes in inventories of finished goods, work-in-process and stock-in-trade:		
Opening stock:		
Work-in-process	1,753.59	1,509.43
Stock-in-trade	–	70.27
Finished goods	<u>7,999.26</u>	<u>4,902.73</u>
<b>Total (A)</b>	<u>9,752.85</u>	<u>6,482.43</u>
Closing stock:		
Work-in-process	2,163.69	1,753.59
Stock-in-trade	–	–
Finished goods	<u>8,903.89</u>	<u>7,999.26</u>
<b>Total (B)</b>	<u>11,067.58</u>	<u>9,752.85</u>
Changes in inventories (A)-(B)	<u>(1,314.73)</u>	<u>(3,270.42)</u>
Refer Note No. XXIV (16) (I) for broad head of raw materials consumed.		

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

	(Rupees in lakhs)	
	Year ended 31.03.2012	Year ended 31.03.2011
<b>XXI. EMPLOYEE BENEFITS EXPENSE</b>		
(a) Salaries and wages	9,431.72	7,287.27
(b) Contribution to provident and other funds	888.99	1,089.55
(c) Welfare expenses	1,622.16	1,253.17
<b>Total</b>	<u>11,942.87</u>	<u>9,629.99</u>
<b>XXII. FINANCE COSTS</b>		
(a) Interest expense	3,352.92	2,229.22
(b) Other borrowing costs	109.99	24.80
(c) Others-Exchange fluctuation	378.84	(79.88)
<b>Total</b>	<u>3,841.75</u>	<u>2,174.14</u>
<b>XXIII. OTHER EXPENSES</b>		
(a) Consumption of stores, spares and tools*	7,902.25	6,464.88
(b) Power and fuel*	4,132.19	4,456.51
(c) Rent*	474.04	247.76
(d) Repairs - buildings*	998.50	687.42
(e) Repairs - plant and equipment*	1,487.03	1,318.48
(f) Repairs - others*	57.19	50.91
(g) Insurance	98.68	109.13
(h) Rates and taxes, excluding, taxes on income	96.74	81.28
(i) Audit fees (Vide Note No XXIV (7) in notes on accounts)	29.30	29.82
(j) Packing and freight charges*	4,483.51	3,508.26
(k) Warehousing charges	1,264.30	714.86
(l) Diminution in the value of investments (i.e. adjustment to the carrying amount of investments)	31.24	180.91
(m) Net loss on sale of investments (net of gain of Rs. 48.06 lakhs)	53.95	–
(n) Loss on sale of fixed assets	11.50	94.52
(o) Amortisation of foreign currency monetary item translation difference account	25.92	(67.25)
(p) Miscellaneous expenses* (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.1 lakh, whichever is higher)	4,287.64	2,662.63
<b>Total</b>	<u>25,433.98</u>	<u>20,540.12</u>

\* Net of recoveries

Refer Note No.XXIV (1) (e) on Accounting Standard - 5 for prior period items.

### XXIV. ACCOUNTING STANDARDS, ADDITIONAL DISCLOSURES AND NOTES ON ACCOUNTS

#### PREAMBLE:

a) The Company is engaged mainly in the business of manufacture and sale of non ferrous gravity and pressure die castings. The Company has also derived income from sale of certain electronic hardware items which is non core and non strategic in nature till 06-07-2011.

#### b) Composite Scheme of Arrangement:

A Composite Scheme of Arrangement including Amalgamation and Demerger (the Scheme) pursuant to the provisions of Sections 391 to 394 (both inclusive) of the Companies Act, 1956 between Sundaram-Clayton Limited (SCL), Anusha Investments Limited (AIL) and Sundaram Investment Limited (SIL) was approved both by the shareholders of the respective companies at the Court convened meeting held on 18<sup>th</sup> May 2012 and by the Hon'ble High Court of Judicature at Madras vide its order dated 3<sup>rd</sup> August 2012. The said Order of the Hon'ble High Court was filed with Registrar of Companies, Chennai on 21<sup>st</sup> August 2012.

## **Sundaram-Clayton Limited**

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### **XXIV. Accounting standards, additional disclosures and notes on accounts – (continued)**

The Scheme *inter alia* provides for:

1. Amalgamation of AIL viz., the transferor company with SCL viz., the demerged company;
2. Demerger of "Non Automotive related business" of SCL, (after amalgamation of AIL with SCL) into SIL;
3. Reduction and re-organization of equity share capital of SCL consequent to the demerger of the Non Automotive related business into SIL as per the provisions contained in the Scheme; and
4. Non-listing of shares of SIL and exit option to the shareholders of SIL.

The Appointed Date as per the Scheme is 7<sup>th</sup> July 2011 and the Effective Date is 21<sup>st</sup> August 2012, the date on which the Order was filed with Registrar of Companies, Chennai.

#### **Amalgamation of AIL into SCL**

Accordingly, SCL has accounted for the amalgamation of AIL in its books with effect from the Appointed Date and the following treatment of the Scheme has been accorded in SCL's books of account:

- 1) With effect from the Appointed Date, viz., 7<sup>th</sup> July, 2011, AIL, a 100% subsidiary of SCL is amalgamated with SCL and all the assets and liabilities of AIL have been transferred to and vested in or deemed to have been transferred to and vested in SCL as a going concern and have been recorded in the books of SCL at book value.
- 2) Amalgamation has been recorded in the books of SCL as per provisions of the Scheme and as per the Purchase Method of Accounting under Accounting Standard 14 – Accounting for Amalgamations (AS – 14).
- 3) As AIL is a wholly owned subsidiary of SCL, no shares of SCL are issued on amalgamation. The equity shares of AIL held by SCL and its six nominees stand cancelled pursuant to the provisions of the Scheme and AIL, on the Scheme becoming effective stood dissolved without the process of being wound up.
- 4) All inter-company loan/ investments have been cancelled and the difference, if any, arising by such effects, has been debited / credited to the Capital Reserve of SCL.
- 5) The authorised share capital of AIL of Rs.500 lakhs is merged with the authorised share capital of SCL. Consequently, the authorised share capital of SCL stands increased to Rs.2,500 lakhs (previously Rs.2,000 lakhs).

#### **Demerger of Non-Automotive Division of merged SCL into SIL:**

SCL (post-merger of AIL) has accounted for demerger of the Non Automotive Division of SCL in its books with effect from the Appointed Date as detailed below:

- 1) With effect from the Appointed Date, the entire Non Automotive Division of SCL has been demerged from SCL and transferred to and vested or deemed to have been transferred and vested into SIL as a going concern and have been recorded in the books of SCL at book value as directed by the said Hon'ble High Court.
- 2) The difference between the book value of the Assets over the book value of Liabilities of the "Non Automotive related business" transferred to SIL and the reduction of Rs. 948.38 lakhs in equity share capital of SCL has been reduced in accordance with the provisions contained in the Scheme from the capital reserve of SCL.
- 3) As directed by the Hon'ble High Court of Judicature at Madras, the balance in capital reserve of SCL, after giving effect to the above adjustment, has been treated as general reserve.

#### **Reduction and Re-organization of Share Capital**

Consequent to the demerger of Non Automotive Division under the Scheme, equity share capital of SCL has been reduced by Rs.9,48,37,920 as being no longer represented by available assets. Post capital reduction, paid up equity share capital of SCL comprises of 1,89,67,584 numbers of equity shares of Rs.5/- each fully paid-up as against 3,79,35,168 numbers of equity shares prior to demerger.

## Sundaram-Clayton Limited

### XXIV. Accounting standards, additional disclosures and notes on accounts – (continued)

(Rupees in lakhs)

As at / Year ended 31.03.2012	As at / Year ended 31.03.2011
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The method of accounting and compliance with various Accounting Standards is displayed below:

#### 1 Accounting Standards

##### a) AS - 1 Disclosure of Accounting policies

The accounts are maintained on accrual basis as a going concern.

##### b) AS - 2 Valuation of Inventories

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.

##### c) AS - 3 Cash flow statement

Cash flow statement is prepared under "Indirect Method" and the same is annexed.

##### d) AS - 4 Contingencies and events occurring after the balance sheet date

Please refer Preamble (b) regarding the order received from the Hon'ble High Court of Judicature at Madras sanctioning the Composite Scheme of Arrangement on 3<sup>rd</sup> August 2012. As per the Scheme, a sum of Rs.1821 lakhs has been deposited into an escrow account of the designated entity for complying with the exit option provided to the public shareholders. Towards this a liability has been created and accounted under the head current liabilities.

##### e) AS - 5 Net profit or loss for the period, prior period items and changes in accounting policies

###### i) Prior period debits included in statement of profit and loss:

Salaries & wages	2.70	2.29
Other expenses	4.87	3.17

###### ii) There are no changes in accounting policies.

##### f) AS - 6 Depreciation accounting

Depreciation has been provided under the straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956 with applicable shift allowance. 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 are 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%

##### g) AS - 7 Construction contracts

This accounting standard is not applicable.

##### h) AS - 8 Research and Development

This accounting standard is withdrawn.

##### i) AS - 9 Revenue recognition

The income of the Company is derived from sale of gravity and pressure die castings, traded goods (upto 06.07.2011) net of trade discount and from sale of services. Interest income is recognised on a time proportion basis taking into account the amount outstanding and rate applicable.

Dividend from investments 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.

##### j) AS - 10 Accounting for fixed assets

All the fixed assets are valued at cost including expenditure incurred in bringing them to usable condition as reduced by depreciation.

## Sundaram-Clayton Limited

### XXIV. Accounting standards, additional disclosures and notes on accounts – (continued)

(Rupees in lakhs)

	As at / Year ended 31.03.2012	As at / Year ended 31.03.2011
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**k) AS - 11 Accounting for effects in Foreign Exchange rates**

**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, liabilities and external commercial borrowings are translated at the exchange rate prevailing on the balance sheet date.

In terms of Companies (Accounting Standards) Amendment Rules, 2009, and Companies (Accounting Standards) Amendment Rules, 2011 on Accounting Standard-11 (AS-11), notified by the Government of India, the Company has opted to adjust the changes in foreign exchange rates relating to long term foreign currency monetary items to the carrying cost of fixed asset and to Foreign Currency Monetary Item Translation Difference Account. The impact is set out below:

Gain / (Loss) arising from changes in foreign exchange rates relating to depreciable capital assets reduced / added to carrying cost of such assets	(843.79)	54.56
Gain / (Loss) arising from changes in foreign exchange rates relating to other long term foreign currency monetary items (not relating to acquisition of depreciable assets) credited / debited to "Foreign Currency Monetary Item Translation Difference Account".	(96.27)	10.12
Amortisation of "Foreign Currency Monetary Item Translation Difference Account" by crediting / debiting the Statement of Profit & Loss.	(25.92)	67.25

**a) Derivative instruments:**

Derivative contracts are entered into by the Company only based on underlying transaction. The Company has not entered into any derivative contracts of a speculative nature.

**b) Currency Swaps:**

The Company has entered into two currency swap contracts covering the total External Commercial Borrowings - JPY equivalent to USD 15 Million, with an option to fix the repayment liability of the Company in Indian Rupees. ( Outstanding ECB loan at the end of the year is JPY equivalent to USD 8 Million)

**c) Interest Rate Structure (IRS):**

The Company has entered into one derivative contract (included in currency swaps above) in respect of External Commercial Borrowings amounting to JPY equivalent to USD 10 Million to convert the floating interest rate to fixed interest rate. (Outstanding at the end of the year is USD 6 million)

Net gain / (loss) on foreign exchange fluctuation credited / debited to statement of profit and loss - under Other expenses in note no. XXIII.	(183.06)	197.06
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**l) AS - 12 Accounting for Government grants**

The Company has not received any grants from the Government.

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

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.



## Sundaram-Clayton Limited

### XXIV. Accounting standards, additional disclosures and notes on accounts – (continued)

(Rupees in lakhs)

As at / Year ended 31.03.2012	As at / Year ended 31.03.2011
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Current investments are carried at lower of cost or realisable value determined on individual basis. Long term investments are carried at cost. Provision for diminution in value, if any, is made to recognise a decline other than temporary in the value of investments.

Investment in TVS Shriram Growth Fund, Scheme 1 of TVS Capital Funds Limited, Chennai viz., 97,443 units are carried at par value of Rs.1000/- per unit aggregating to Rs.974.43 lakhs. However, the Fund has declared its Net Asset Value as at 31<sup>st</sup> March 2012 at Rs.943/- per unit. Thus there is a diminution in value to the extent of Rs.57/- per unit aggregating to Rs.55.54 lakhs. This diminution is not provided for in the accounts as the management opines that the portfolio is relatively younger in its investment horizon of 4-5 years with life of the Fund of 7 years with returns commencing from year 4 onwards and hence the fall in value is only temporary. This opinion is based on the fact that the fund returns will start to rise steeply and the growth fund will make positive returns soon.

Refer note no. IX and XII for aggregate value of quoted and unquoted investments.

Provision for diminution in value of investments

- Sundaram Energy Opportunities Fund (Growth) of Sundaram Mutual Fund, Chennai	1.78	-
- SBI Magnum Comma Fund of SBI Mutual Fund, Mumbai	12.93	-
- Sundaram Capex Opportunities Fund of Sundaram Mutual Fund, Chennai	16.53	-
- Sundaram Energy Opportunities Fund with Sundaram Asset Management Company Limited, Chennai	-	21.50
- Tata Indo Global Infrastructure Fund with TATA Asset Management Limited, Mumbai	-	67.57
- JM Basic Fund with JM Financial Asset Management Private Limited, Mumbai	-	64.96
- L&T Opportunities Fund with L&T Mutual Fund, Mumbai	-	26.88
<b>Total</b>	<b>31.24</b>	<b>180.91</b>

**n) AS - 14 Accounting for Amalgamation**

Anusha Investments Limited, erstwhile subsidiary of the Company, amalgamated with the Company through a Composite Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature at Madras. Please refer Preamble (b)

**o) AS - 15 Accounting for retirement benefits**

Disclosure is made as per the requirements of the Standard and the same is furnished below:

**A Defined contribution plans**

Contribution to provident fund is in the nature of defined contribution plan and are made to a recognised trust.

**B Defined benefit plan**

(a) The Company extends defined benefit plans in the form of leave salary to employees. In addition, the Company also extends pension to senior managers

## Sundaram-Clayton Limited

### XXIV. Accounting standards, additional disclosures and notes on accounts – (continued)

#### o) AS - 15 Accounting for retirement benefits - (continued)

of the Company. Provision for leave salary and pension is made on actuarial valuation basis.

(b) The Company also extends defined benefit plan in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of India in accordance with the scheme framed by the Corporation.

#### C Disclosure as required by Accounting Standard 15

	(Rupees in lakhs)		
	Leave salary	Pension	Gratuity
(a) Expenses recognised in the Statement of Profit and Loss			
(i) Current service cost	103.49	–	53.57
(ii) Interest cost	11.12	170.35	52.74
(iii) Expected return on plan assets	–	–	(64.13)
(iv) Net actuarial loss /(gain) recognised in the year	47.76	(34.70)	167.98
<b>Total</b>	<u>162.37</u>	<u>135.65</u>	<u>210.16</u>
(b) Change in defined benefit obligation during the year ended 31 <sup>st</sup> March 2012			
(i) Present value of obligation as at beginning of the year (01.04.2011)	203.00	2,144.41	659.31
(ii) Interest cost	11.12	170.35	52.74
(iii) Current service cost	103.49	–	53.57
(iv) Benefits paid	(130.45)	(30.73)	(38.60)
(v) Actuarial loss on obligation	47.76	(34.70)	167.98
(vi) Present value of obligation as at the end of the year (31.03.2012)	<u>234.92</u>	<u>2,249.33</u>	<u>895.00</u>
(c) Change in fair value of plan assets during the year ended 31 <sup>st</sup> March 2012			
(i) Fair value of plan assets at the beginning of the year (01.04.2011)	–	–	708.39
(ii) Expected return on plan assets	–	–	64.13
(iii) Contributions made during the year	–	–	222.79
(iv) Benefits paid	–	–	(38.60)
(v) Actuarial gain on plan assets	–	–	–
(vi) Fair value of plan assets as at the end of the year 31 <sup>st</sup> March 2012	<u>–</u>	<u>–</u>	<u>956.71</u>
(d) Balance Sheet movements			
(i) Value of benefit obligations / (net assets) at the beginning of the year (01-04-2011)	203.00	2,144.41	–
(ii) Contributions made during the year	–	–	222.79
(iii) Expenses	162.37	135.65	(210.16)
(iv) Benefits paid	(130.45)	(30.73)	–
(v) Value of benefit	<u>234.92</u>	<u>2,249.33</u>	<u>12.63</u>
Note: The net asset in respect of gratuity plan is not recognised as it is lying in irrevocable trust fund approved by Income tax authorities.			
(e) Actuarial assumptions			
(i) Discount rate used	8.00%	8.00%	8.00%
(ii) Expected return on plan assets	NA	NA	8.00%

Estimates of future salary increase considered in actuarial valuation take into account the inflation, seniority and other relevant factors.

## Sundaram-Clayton Limited

### XXIV. Accounting standards, additional disclosures and notes on accounts – (continued)

(Rupees in lakhs)

	As at / Year ended 31.03.2012	As at / Year ended 31.03.2011
<b>p) AS - 16 Borrowing costs</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.484.85 lakhs (last year Rs.295.78 lakhs) being interest on borrowings attributable to qualifying assets have been capitalised under the various heads.		
<b>q) 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 trading in non-automotive business till the date of demerger i.e. 6 <sup>th</sup> July 2011 being only Rs.26.34 lakhs and less than 10% of total income. Hence, this is not recognised as a separate segment.		
<b>r) 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>s) AS -19 Accounting of leases</b>		
The Company has taken the following assets under operating lease.		
<b>1. Vehicle</b>		
The lease period is for 60 months.		
<b>The details of maturity profile of future operating lease payments are furnished below:</b>		
a. The total of future minimum lease payments under non-cancellable operating lease for each of the following periods:		
- Not later than one year	37.72	28.42
- Later than one year and not later than five years	114.52	107.57
- Later than five years	-	-
b. Total of minimum sub-lease payments expected to be received under non-cancellable sub-leases at the Balance Sheet date	Not applicable	Not applicable
c. Lease payments recognised in the Statement of Profit and Loss for the period under the head rent paid	31.64	6.52
<b>2. Plant &amp; Machinery, Electrical Equipments and other Equipments</b>		
The lease period is for 10 years.		
<b>The details of maturity profile of future operating lease payments are furnished below:</b>		
a. The total of future minimum lease payments under non-cancellable operating lease for each of the following periods:		
- Not later than one year	1,025.08	-
- Later than one year and not later than five years	5,225.04	-
- Later than five years	3,174.89	-
b. Total of minimum sub-lease payments expected to be received under non-cancellable sub-leases at the Balance Sheet date	Not applicable	Not applicable
c. Lease payments recognised in the Statement of Profit and Loss for the period under the head rent paid	72.19	-
<b>t) AS - 20 Earnings Per Share (EPS)</b>		
Earnings per share is calculated by dividing the profit attributable to the shareholders by the number of equity shares outstanding as at the close of the year.		
Profit after tax	7,229.95	3,725.84
Number of equity shares	18,967,584	37,935,168
Face value of the share (in rupees)	5	5
Weighted average number of equity shares	23,994,512	37,935,168
Earnings per share (EPS) (in rupees)	30.13	9.82
Diluted earnings per share (in rupees)	30.13	9.82
The number of equity shares considered for calculation of EPS is after giving effect to the scheme of demerger		

## Sundaram-Clayton Limited

### XXIV. Accounting standards, additional disclosures and notes on accounts – (continued)

(Rupees in lakhs)

	As at / Year ended 31.03.2012	As at / Year ended 31.03.2011
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**u) AS - 21 Consolidated financial statements**

Consolidated financial statements of the Company and its subsidiaries are enclosed.

**v) AS - 22 Accounting for taxes on income**

Current tax is determined as per the provisions of Section 115JB of the Income Tax Act, 1961.

Deferred tax liability and asset are recognised, subject to the consideration of prudence, on timing differences using the tax rates substantively enacted on the Balance Sheet date.

Deferred tax liabilities

Tax on depreciation - timing difference

	A	<u>3,583.81</u>	<u>3,559.76</u>
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Less: Deferred tax assets

On employee related schemes

		1,031.94	981.75
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On other provision which will be allowed on payment basis like provision for warranty, provision for doubtful debts, deductions for demerger expenses etc.,

		550.70	404.84
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**Total**

	B	<u>1,582.64</u>	<u>1,386.59</u>
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Net Deferred Tax Liability

	C = A - B	<u>2,001.17</u>	<u>2,173.17</u>
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**w) AS - 23 Accounting for Investments in Associates in Consolidated Financial Statements**

I) The Company holds 23.53% of the equity share capital of Sundram Non-Conventional Energy Systems Limited, Chennai (SNES). Hence SNES is an associate of the Company.

II) Emerald Haven Realty Limited, Chennai (EHRL) (formerly known as Green Earth Homes Limited) is an associate of TVS Motor Company Limited which is a subsidiary of the Company. The Company indirectly holds 28% of the equity share capital of EHRL. Hence, EHRL is an associate of the Company.

III) TVS Wind Power Limited, Chennai is a subsidiary of TVS Energy Limited, Chennai, which is a subsidiary of the TVS Motor Company Limited, Chennai. The Company indirectly holds 43.75% of the equity share capital of TVS Wind Power Limited, Hence, TVS Wind Power Limited is an associate of the Company.

IV) Sundaram Engineering Products Services Limited, Chennai (SEPSL) is a subsidiary of TVS Motor Company Limited which is a subsidiary of the Company. The Company indirectly holds 29.87% of the equity share capital of SEPSL. Hence, SEPSL is an associate of the Company.

V) TVS Finance and Services Limited, Chennai (associate till 6.07.2011)

**x) AS - 24 Discontinuing operations**

Consequent to the scheme of demerger of non-automotive business, the business of dealing in purchase and sale of electronic hardware items were discontinued on and from 07/07/2011. The profit of the said business from 01/04/2011 to 06/07/2011 is Rs.0.45 lakhs as detailed below:

Sales		26.34	
Cost of sales		<u>25.89</u>	
Profit before tax		0.45	
Tax		<u>0.09</u>	
Profit after tax		<u>0.36</u>	

Refer item No. XII in the Statement of Profit and Loss

## Sundaram-Clayton Limited

### XXIV. Accounting standards, additional disclosures and notes on accounts – (continued)

(Rupees in lakhs)

	As at / Year ended 31.03.2012	As at / Year ended 31.03.2011
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**y) AS - 25 Interim Financial Reporting**

The Company has elected to publish quarterly financial results which were subject to limited review by the statutory auditors.

**z) AS - 26 Intangible Assets**

During the year, the Company acquired the following assets falling under the definition of intangible assets as per the Accounting Standard and the following disclosure is made in respect of those assets:

Software :

- |  |                                     |                                     |
|--|-------------------------------------|-------------------------------------|
| - Useful life of the assets  | 2 years                             | 2 years                             |
| - Amortisation rates used  | 50% each<br>year as<br>depreciation | 50% each<br>year as<br>depreciation |
| - Gross carrying amounts at the beginning and at the end of the period together with additions and deletions during the year |                                     |                                     |

Opening balance		218.59	155.32
Additions during the year		152.76	63.27
Total	(A)	371.35	218.59
Amortisation			
Opening balance		184.56	148.66
For the year		107.46	35.90
Total amortisation	(B)	292.02	184.56
Closing balance	(A - B)	79.33	34.03

**aa) AS - 27 Financial reporting of interest in joint ventures**

There is no joint venture.

**ab) AS - 28 Impairment of Assets**

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.

**ac) AS - 29 Provisions, contingent liabilities and contingent assets**

(i) Provisions

The management has made an estimated warranty provision of Rs. 282.51 lakhs (previous year - Rs. 267.51 lakhs)

(ii) Contingent liabilities

Amount for which the company is contingently liable is disclosed in Note No. XXIV (6).

(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 no.XXIV (10)

## 2 Dues from Subsidiaries

Debtors include due from subsidiaries

- |   |          |        |
|---|----------|--------|
| - Debts outstanding for a period exceeding six months | 0.48     | 3.34   |
| - Other debts   | 1,040.94 | 408.20 |



## Sundaram-Clayton Limited

### XXIV. Accounting standards, additional disclosures and notes on accounts – (continued)

		(Rupees in lakhs)	
		As at / Year ended 31.03.2012	As at / Year ended 31.03.2011
<b>3</b>	<b>Dues from Subsidiaries</b>		
	Loans and advances include dues from subsidiaries		
	- TVS Motor Company Limited, Chennai (including interest accrued of Rs.1.92 lakhs)	1,486.92	–
	- Sundaram Auto Components Limited, Chennai	–	28.23
	- Anusha Investments Limited, Chennai (erstwhile subsidiary of the Company)	–	0.04
<b>4</b>	<b>Trade payables include amount due to micro and small scale industrial units</b>	455.75	475.87
	Disclosure under Micro, Small and Medium Enterprises Development Act, 2006		
	(i) The principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
	a) Principal (all are within agreed credit period and not due for payment)	455.75	475.87
	b) Interest (as no amount is overdue)	Nil	Nil
	(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
	(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
	(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
	(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
<b>5</b>	<b>Investment in Subsidiaries</b>		
	a) The Company holds 27,26,82,786 equity shares of Re.1 each in TVS Motor Company Limited, Chennai (TVSM). This aggregates to 57.40% of the paid up capital of TVSM. Hence, TVSM is a subsidiary of the Company.		
	b) The Company holds 45,00,000 equity shares of Rs.10 each and its subsidiary TVS Motor Company Limited, Chennai holds 7,67,50,000 equity shares of Rs.10 each in TVS Energy Limited, Chennai (TVS Energy). This aggregates to 59.76% of the paid up capital of TVS Energy. Hence, TVS Energy is a subsidiary of the Company.		
<b>6</b>	<b>Contingent liability not provided for:</b>		
	a) On counter-guarantee given to bank	50.30	577.87
	b) On letters of credit opened with banks	8,938.63	3,747.89
	c) On partly paid shares	0.04	0.04
	d) Capital commitments not provided	5,541.50	4,683.07
	e) On guarantee furnished on behalf of employees	0.74	0.94
	f) On account of future export obligations (under Export Promotion Capital Goods Scheme and Advance Licence)	17,486.40	6,822.70
	g) On commitment for capital contribution to TVS Shriram Growth Fund Scheme IB of TVS Capital Funds	637.50	–

## Sundaram-Clayton Limited

### XXIV. Accounting standards, additional disclosures and notes on accounts – (continued)

(Rupees in lakhs)		
	As at / Year ended 31.03.2012	As at / Year ended 31.03.2011
<b>7 Audit fees consist of</b>		
a) Audit fees	18.00	16.00
b) Certification fees	2.50	2.50
c) Taxation matters	1.50	1.50
d) Other services	3.70	6.50
e) Reimbursement of expenses	3.60	3.32
<b>8 Contribution to provident and other funds include</b>		
(a) Gratuity as per scheme framed by Life Insurance Corporation of India (LIC)	229.53	51.50
(b) Pension fund	135.66	544.59
(c) Deposit linked insurance as per scheme framed by LIC	10.06	12.91
<b>9 Repairs include</b>		
Stores consumed	1,004.34	168.21
<b>10 Liability contested and not provided for</b>		
a) Excise duty	837.93	679.19
b) Customs duty	–	206.00
c) Service tax	487.38	279.93
d) Income tax	67.48	–
e) Wealth tax	14.61	14.61
f) Others	259.42	96.92
<b>11 Research and development expenditure incurred and claimed under Income Tax Act, 1961</b>		
a) Revenue Expenditure - This consists of		
Salaries & wages	411.48	385.96
Materials / consumables / spares	24.37	–
Tools & accessories	1.74	–
Consultancy	3.89	10.75
Testing expenses	13.05	17.37
Software / data processing	15.66	13.43
Foreign and inland travel	17.85	19.00
Administrative and other expenses	0.21	0.38
Electricity	44.42	–
<b>Total - A</b>	<u>532.67</u>	<u>446.89</u>
b) Capital expenditure		
Plant & Equipment (included in total cost of additions of Rs.5,008.89 lakhs under Plant and Equipment, Dies & Jigs)	779.77	85.03
Buildings (included under capital work-in-progress - Building - Rs.3,053.55 lakhs)	40.57	27.25
Plant and equipment (included under capital work-in-progress of machinery under installation - Rs.5,412.59 lakhs)	4.10	13.42
<b>Total - B</b>	<u>824.44</u>	<u>125.70</u>
<b>Total expenditure (A + B)</b>	1,357.11	572.59
Sale of prototypes	22.37	0.00
Net R & D expenditure	1,334.74	572.59

## Sundaram-Clayton Limited

### XXIV. Accounting standards, additional disclosures and notes on accounts – (continued)

(Rupees in lakhs)

	As at / Year ended 31.03.2012	As at / Year ended 31.03.2011
<b>12 Sale of services</b>		
a) Management services	1,559.25	1,188.00
b) Others	61.42	120.38
<b>Total</b>	<u>1,620.67</u>	<u>1,308.38</u>

### 13 Disclosure made in terms of Clause 32 of the Listing Agreement with Stock Exchanges

Particulars	Name of the Company	Amount outstanding as on 31-03-2012	Maximum amount due at any time during the year	Amount outstanding as on 31-03-2011
a) Loans and advances				
(i) Loans and advances in the nature of loans made to subsidiary company	TVS Motor Company Limited, Chennai	1,486.92	1,486.92	–
(ii) Loans and advances in the nature of loans made to associate Company	NIL	–	–	–
(iii) Loans and advances in the nature of loans where there is				
1) no repayment schedule or repayment beyond seven years (or)	NIL	–	–	–
2) no interest or interest below Section 372A of the Companies Act, 1956	NIL	–	–	–
(iv) Loans and advances in the nature of loans made to firms/companies in which directors of the Company are interested	NIL	–	–	–
b) Investments by the Company				
(i) In subsidiary companies	TVS Energy Limited, Chennai. (45,00,000 Equity shares of Rs.10/- each fully paid up)	450.00	450.00	450.00
	TVS Investments Limited, Chennai * (2,71,88,318 Equity shares of Rs.10/-each fully paid up)	–	4,459.37	4,459.37
	Sundaram Investment Limited, Chennai * (1,00,000 Equity shares of Rs 5/- each fully paid up)	–	5.00	5.00
	TVS Motor Company Limited, Chennai (27,26,82,786 equity shares of Re.1 each fully paid up) (Previous year - 4,20,00,000 equity shares of Re.1 each fully paid up)	1,959.24	1,959.24	210.00
(ii) In associate company	Sundram Non-conventional Energy Systems Limited (1,17,650 Equity shares of Rs.10/- each fully paid-up)	11.77	11.77	–
* Subsidiary till 06.07.2011				

### 14 Related party disclosures

#### LIST OF RELATED PARTIES

- |                     |   |
|---------------------|---|
| a) Reporting entity | Sundaram-Clayton Limited, Chennai (SCL)     |
| b) Holding Company  | T V Sundram Iyengar & Sons Limited, Madurai |

## **Sundaram-Clayton Limited**

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### **XXIV. Accounting standards, additional disclosures and notes on accounts – (continued)**

- c) Subsidiary companies
  - (i) TVS Motor Company Limited, Chennai (TVSM)
  - (ii) Sundaram Auto Components Limited, Chennai - Subsidiary of TVSM
  - (iii) Sundaram Business Development Consulting (Shanghai) Co. Ltd, China- Subsidiary of TVSM
  - (iv) Sundaram Engineering Products Services Limited, Chennai- Subsidiary of TVSM
  - (v) TVS Energy Limited, Chennai (TVSEL) - Subsidiary of TVSM
  - (vi) TVS Wind Energy Limited, Chennai - Subsidiary of TVSEL
  - (vii) TVS Wind Power Limited, Chennai - Subsidiary of TVSEL
  - (viii) TVS Housing Limited, Chennai - Subsidiary of TVSM
  - (ix) TVS Motor (Singapore) Pte. Limited, Singapore (TVSM Singapore) - Subsidiary of TVSM
  - (x) PT TVS Motor Company Indonesia, Jakarta - Subsidiary of TVSM Singapore
  - (xi) TVS Motor Company (Europe) B.V. Amsterdam (TVSM Europe) - Subsidiary of TVSM
  
- d) Fellow Subsidiaries
  - (l) Indian Companies
    - (i) FLEXOL Packaging (India) Limited, Chennai
    - (ii) Lucas Indian Service Limited, Chennai
    - (iii) Lucas-TVS Limited, Chennai
    - (iv) NK Telecom Products Limited, Madurai
    - (v) NK Telesystems Limited, Madurai
    - (vi) NSM Holdings Limited, Madurai
    - (vii) Rajgarhia Automobile Solution Limited, Kolkata
    - (viii) Southern Roadways Limited, Madurai
    - (ix) Sundaram Industries Limited, Madurai
    - (x) Sundaram Textiles Limited, Madurai
    - (xi) The Associated Auto Parts Limited, Mumbai
    - (xii) TOR Projects & Services Limited, Madurai
    - (xiii) TVS GMR Aviation Logistics Limited, Madurai
    - (xiv) TVS Automobile Solutions Limited, Madurai
    - (xv) TVS Automotive Systems Limited, Chennai
    - (xvi) TVS Commutation Solutions Limited, Madurai
    - (xvii) TVS Dynamic Global Freight Services Limited, Chennai
    - (xviii) TVS Interconnect Systems Limited, Madurai
    - (xix) TVS Logistics Services Limited, Madurai
    - (xx) TVS RHR Finished Vehicles Logistics Solutions Limited, Chennai
    - (xxi) TVSNet Technologies Limited, Madurai
    - (xxii) Prime Property Holdings Limited, Chennai

## **Sundaram-Clayton Limited**

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### **XXIV. Accounting standards, additional disclosures and notes on accounts – (continued)**

- d) Fellow Subsidiaries
- (xxiii) Tumkur Property Holdings Limited, Chennai
  - (xxiv) Sundaram Investment Limited, Chennai
  - (xxv) Sravanaa Properties Limited, Chennai
  - (xxvi) TVS Capital Funds Limited, Chennai
  - (xxvii) TVS Electronics Limited, Chennai
  - (xxviii) TVS Investments Limited, Chennai
  - (xxix) TVS-E Access (India) Limited, Chennai
  - (xxx) TVS-E Servicetec Limited, Chennai
- (II) Overseas Companies
- (i) Iranian Automotive Systems, Iran
  - (ii) Manufacturers Equipment & Supply Co.,(MESCO) USA
  - (iii) Msys Software Solutions Limited, United Kingdom
  - (iv) Multipart Limited, United Kingdom  
(formerly known as IH Crick Property Co Limited, United Kingdom)
  - (v) Sundaram Lanka Tyres Limited, Sri Lanka
  - (vi) TVS America Inc., USA
  - (vii) TVS Automotive Europe Limited, United Kingdom
  - (viii) TVS Autoserv GmbH, Germany
  - (ix) TVS C J Components Limited, United Kingdom
  - (x) TVS Logistics Iberia S.L., Spain
  - (xi) TVS Logistics Investment United Kingdom Limited, United Kingdom
  - (xii) TVS Logistics Investments USA Inc., USA
  - (xiii) TVS Logistics Siam Limited, Thailand
  - (xiv) TVS Supply Chain Solutions Limited (formerly Multipart Solutions Limited), UK
- e) Associate companies
- (i) Sundram Non-Conventional Energy Systems Limited, Chennai
  - (ii) Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited)
  - (iii) TVS Finance & Services Limited, Chennai upto 06.07.2011
- f) Key Management Personnel (KMP)
- (i) Mr Venu Srinivasan, Chairman and Managing Director
  - (ii) Dr Lakshmi Venu, Director - Strategy
- g) Relatives of KMP
- (i) Mrs Mallika Srinivasan
  - (ii) Mr Sudarshan Venu, Director
- h) Enterprise over which KMP and their relatives have significant influence.
- Harita-NTI Limited, Chennai

## Sundaram-Clayton Limited

### XXIV. Accounting standards, additional disclosures and notes on accounts – (continued)

#### 15 Related party transactions

(Rupees in lakhs)

Sl. No	Nature of transactions	Name of the Company	Holding Company	Subsidiaries	Fellow Subsidiary	Associates	KMP– Significant influence	KMP	Relative of KMP	Total
1	Purchase of goods	T V Sundram Iyengar & Sons Ltd, Madurai	11.97	–	–	–	–	–	–	11.97
		Sundaram Auto Components Limited, Chennai	–	23.00	–	–	–	–	–	23.00
		Harita-NTI Ltd, Chennai	–	–	–	–	190.00	–	–	190.00
			11.97 (17.09)	23.00 (10.23)	–	–	190.00 (208.51)	–	–	224.97 (235.83)
2	Sale of goods (including sub contract charges)	TVS Motor Company Ltd, Chennai	–	17,332.13	–	–	–	–	–	17,332.13
		TVS Electronics Ltd, Chennai	–	26.34	5.31	–	–	–	–	31.65
			–	17,358.47 (15,847.59)	5.31 –	– –	– –	– –	– –	17,363.78 (15,847.59)
3	Purchase of power	Sundram Non Conventional Energy Systems Ltd, Chennai	–	–	–	55.00	–	–	–	55.00
		TVS Energy Limited, Chennai	–	711.00	–	–	–	–	–	711.00
			–	711.00 (288.81)	–	55.00 (51.45)	–	–	–	766.00 (340.26)
4	Rendering of services	TVS Motor Company Ltd, Chennai	–	1,443.93	–	–	–	–	–	1,443.93
		TVS Finance & Services Ltd, Chennai	–	–	–	0.15	–	–	–	0.15
		Sundaram Auto Components Ltd, Chennai	–	237.00	–	–	–	–	–	237.00
		TVS Electronics Ltd, Chennai	–	1.84	5.46	–	–	–	–	7.30
		TVS Energy Limited, Chennai	–	91.25	–	–	–	–	–	91.25
		Harita-NTI Ltd, Chennai	–	–	–	–	37.00	–	–	37.00
	–	1,774.02 (1,283.95)	5.46 –	0.15 (2.49)	37.00 (34.08)	–	–	–	1,816.63 (1,320.52)	
5	Receiving of services	Sundaram Auto Components Limited, Chennai	–	11.00	–	–	–	–	–	11.00
		TVS E-Servicetec Limited, Chennai	–	20.43	35.30	–	–	–	–	55.73
		TVS Logistics Services Limited, Madurai	–	–	361.00	–	–	–	–	361.00
		TVS Dynamic Global Freight Services Limited, Chennai	–	–	449.00	–	–	–	–	449.00
			–	31.43 (258.85)	845.30 –	– –	– –	– –	– –	– –
6	Lease rent	Sundram Non Conventional Energy Systems Ltd, Chennai	–	–	–	0.48	–	–	–	0.48
			–	–	–	(0.48)	–	–	–	(0.48)
7	Remuneration paid		–	–	–	–	–	185.39	0.05	185.44
			–	–	–	–	–	(99.87)	(0.05)	(99.92)
8	Inter corporate deposits outstanding	TVS Motor Company Ltd, Chennai	–	1,486.92	–	–	–	–	–	1,486.92
9	Dividend received	TVS Motor Company Ltd, Chennai	–	3,272.19	–	–	–	–	–	3,272.19
			–	(1,715.00)	–	–	–	–	–	(1,715.00)

Previous year's figures are furnished in brackets



## Sundaram-Clayton Limited

### XXIV. Accounting standards, additional disclosures and notes on accounts – (continued)

#### 15 Related party transactions - (continued)

(Rupees in lakhs)

Sl. No	Nature of transactions	Name of the Company	Holding Company	Subsidiaries	Fellow Subsidiary	Associates	KMP– Significant influence	KMP	Relative of KMP	Total
10	Interest Income	TVS Motor Company Ltd, Chennai	–	1.92	–	–	–	–	–	1.92
			–	–	–	–	–	–	–	–
11	Outstanding as on 31 <sup>st</sup> March 2012	TVS Motor Company Ltd, Chennai	–	1,067.76	–	–	–	–	–	1,067.76
	Receivables	TVS Electronics Ltd, Chennai	–	–	1.74	–	–	–	–	1.74
		Sundaram Auto Components Ltd, Chennai	–	69.01	–	–	–	–	–	69.01
		TVS Investments Limited, Chennai	–	–	0.07	–	–	–	–	0.07
		TVS Housing Limited, Chennai	–	4.74	–	–	–	–	–	4.74
		TVS Energy Limited, Chennai	–	9.87	–	–	–	–	–	9.87
			–	1,151.38	1.81	–	–	–	–	1,153.19
			–	(439.81)	–	(4.60)	–	–	–	(444.41)
12	Payables	T V Sundram Iyengar & Sons Ltd, Madurai	0.67	–	–	–	–	–	–	0.67
		TVS-E Servicetec Limited, Chennai	–	–	1.68	–	–	–	–	1.68
		TVS Finance and Services Ltd, Chennai	–	–	–	1.25	–	–	–	1.25
		Sundram Non-Conventional Energy Systems Limited, Chennai	–	–	–	1.82	–	–	–	1.82
		Harita NTI Ltd, Chennai	–	–	–	–	16.26	–	–	16.26
		TVS Logistics Services Limited, Madurai	–	–	71.90	–	–	–	–	71.90
		TVS Dynamic Global Freight Services Limited, Chennai	–	–	29.01	–	–	–	–	29.01
		Sundaram Investment Limited, Chennai	–	–	0.65	–	–	–	–	0.65
			0.67	–	103.24	3.07	16.26	–	–	123.24
			(0.63)	(19.42)	–	(1.07)	(5.41)	–	–	(26.53)

Previous year's figures are furnished in brackets

(Rupees in lakhs)

16		Year ended 31.03.2012	Year ended 31.03.2011
<b>I. RAW MATERIALS CONSUMED</b>			
1. a) Basic raw materials			
Aluminium alloys and ingots		51,798.13	42,532.69
b) Intermediates and components (which individually do not account for 10% or more of the total value of consumption)		3,129.00	2,451.75
		<u>54,927.13</u>	<u>44,984.44</u>
	% of total consumption		% of total consumption
2. Consumption of raw materials and components			
a) Imported	65	35,561.43	27,061.05
b) Indigeneous	35	19,365.70	17,923.39
	<u>100</u>	<u>54,927.13</u>	<u>44,984.44</u>
<b>II. CONSUMPTION OF MACHINERY SPARES</b>			
a) Imported	9	21.64	32.64
b) Indigeneous	91	222.01	162.32
	<u>100</u>	<u>243.65</u>	<u>194.96</u>

## Sundaram-Clayton Limited

### XXIV. Accounting standards, additional disclosures and notes on accounts – (continued)

	Year ended 31.03.2012	(Rupees in lakhs) Year ended 31.03.2011
<b>III. IMPORTS (CIF value)</b>		
a) Raw materials	37,496.44	25,144.53
b) Spares, stores and components	1,940.10	1,183.28
c) Capital goods	1,972.40	4,179.48
d) Trading goods	30.47	127.40
<b>IV. EXPENDITURE IN FOREIGN CURRENCY</b>		
a) Travel	102.60	76.94
b) Consultancy	231.50	201.42
c) Marketing Expenses	–	4.21
d) Legal and trade marks	178.19	124.67
e) Subscriptions	6.98	5.59
f) Computer software	9.16	4.96
g) Rework charges	408.36	104.90
h) Interest on foreign currency loan	920.86	677.80
i) Warehousing fees	948.38	560.88
j) Salaries	277.33	72.26
k) Insurance	10.60	8.26
l) Rent	9.65	8.62
m) Repairs and Maintenance (Buildings)	183.16	20.83
n) Others	40.98	49.58
<b>V. EARNINGS IN FOREIGN EXCHANGE</b>		
a) Exports (on FOB basis)	41,326.91	27,541.82
b) Freight recovery	3,628.07	2,617.92
c) Insurance recovery	3.66	8.17

**17** Previous year's figures have been regrouped wherever necessary to conform to the current year's classification. Previous year's figures are not strictly comparable since the amalgamation and demerger related entries are given effect to in the accounts pursuant to the order of the Hon'ble High Court of Judicature at Madras sanctioning the scheme of composite arrangement.

VENU SRINIVASAN  
Chairman & Managing Director

GOPAL SRINIVASAN  
Director

As per our report annexed  
For SUNDARAM & SRINIVASAN  
Chartered Accountants  
Firm Regn. No. 004207S

Chennai  
28<sup>th</sup> August, 2012

V N VENKATANATHAN  
Executive Vice-President (Finance)

R RAJA PRAKASH  
Company Secretary

M BALASUBRAMANIAM  
Partner  
Membership No. F7945

## Sundaram-Clayton Limited

### Cash Flow Statement for the year ended 31<sup>st</sup> March 2012

	Year ended 31.03.2012	Year ended 31.03.2011
		(Rupees in lakhs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	8,093.04	4,520.59
Adjustments for:		
Depreciation and amortisation for the year	4,733.90	4,083.09
Other Non Cash Items		
Amortisation of Foreign Currency Monetary Item		
Translation Difference Account	25.92	(67.25)
Diminution in value of investments	31.24	180.91
Miscellaneous expenditure written off	2.42	24.80
Exceptional Income	(2,534.45)	–
Loss on sale/scrap of fixed assets	11.50	94.52
Profit on sale of fixed assets	(6.77)	(212.94)
Net (profit)/ loss on sale of investments	53.95	(28.42)
Dividend income	(3,346.28)	(1,744.29)
Interest income	(69.84)	(41.53)
Interest expense	3,352.92	2,229.22
	<u>2,254.51</u>	<u>4,518.11</u>
<b>Operating profit before working capital changes</b>	<b>10,347.55</b>	<b>9,038.70</b>
Adjustments for:		
Trade Receivables	(3,889.79)	(4,659.44)
Inventories	(2,568.26)	(4,700.04)
Other current assets	37.38	(267.87)
Short-term loans and advances	(2,949.42)	(1,564.97)
Trade Payables	1,022.96	5,812.59
Other Current liabilities (excluding current maturities of long term debt)	2,289.11	1,419.18
Short-Term Provisions	27.17	19.83
	<u>(6,030.85)</u>	<u>(3,940.72)</u>
Cash generated from operations	4,316.70	5,097.98
Direct taxes paid	(983.11)	(671.20)
<b>Net cash from operating activities</b> (A)	<b><u>3,333.59</u></b>	<b><u>4,426.78</u></b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to fixed assets (including Capital work in progress)	(10,891.47)	(10,167.10)
Deletion to fixed assets (net of depreciation)	3,744.86	159.57
Profit on sale of fixed assets	6.77	212.94
Loss on sale/scrap of fixed assets	(11.50)	(94.52)
Long-term loans and advances	(407.18)	(767.09)
Purchase of investments	(4,939.27)	(1,414.34)
Sale of investments	5,970.71	1,739.22
Profit on sale of investments - exceptional item	2,534.45	–
Net profit / (loss) on sale of investments (excluding diminution provision of Rs.180.91 lakhs provided last year)	(234.86)	28.42
Interest received	69.84	41.53
Dividend received	3,346.28	1,744.29
<b>Net Cash from/(used in) investing activities</b> (B)	<b><u>(811.37)</u></b>	<b><u>(8,517.08)</u></b>

## Sundaram-Clayton Limited

### Cash Flow Statement for the year ended 31<sup>st</sup> March 2012 (continued)

		(Rupees in lakhs)	
		Year ended 31.03.2012	Year ended 31.03.2011
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Borrowings:			
Term loans availed/(repaid)		472.94	2,499.09
Unsecured loan availed/ (repaid)		1,560.00	(2,260.05)
Long term provisions		124.67	496.46
Miscellaneous expenditure not written off - Upfront fee on loans		-	(25.12)
Interest paid		(3,352.92)	(2,229.22)
Dividend and dividend tax paid		(1,270.67)	(1,426.32)
<b>Net cash from financing activities</b>	<b>( C )</b>	<u>(2,465.98)</u>	<u>(2,945.16)</u>
<b>D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	<b>(A+B+C)</b>	56.24	(7,035.46)
Cash and cash equivalents at the beginning of the year			
Cash and Bank balances		214.72	207.07
Cash credit balance		<u>(13,566.69)</u>	<u>(6,523.58)</u>
		(13,351.97)	(6,316.51)
Cash and cash equivalents at the end of the year			
Cash and Bank balances		680.37	214.72
Cash credit balance		<u>(13,976.10)</u>	<u>(13,566.69)</u>
		(13,295.73)	(13,351.97)

Notes:

- 1 The above statement has been prepared in indirect method except in case of dividend, tax and purchase and sale of investments which have been considered on the basis of actual movement of cash
- 2 Cash and cash equivalent include cash and bank balances.

	VENU SRINIVASAN <i>Chairman &amp; Managing Director</i>	GOPAL SRINIVASAN <i>Director</i>	As per our report annexed For SUNDARAM & SRINIVASAN <i>Chartered Accountants</i> Firm Regn. No. 004207S
Chennai 28 <sup>th</sup> August, 2012	V N VENKATANATHAN <i>Executive Vice-President (Finance)</i>	R RAJA PRAKASH <i>Company Secretary</i>	M BALASUBRAMANIAM <i>Partner</i> Membership No. F7945

## Sundaram-Clayton Limited

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

Name of Subsidiaries	TVS Motor Company Limited, Chennai	TVS Energy Limited, Chennai
1. Financial year of the subsidiaries ended on	31.03.2012	31.03.2012
2. Shares of the subsidiaries held by the company as on 31st March 2012		
a) Number and face value-equity	27,26,82,786 Equity shares of Re 1/- each fully paid	45,00,000 Equity shares of Rs 10/- each fully paid
b) Extent of holding	57.40%	5.54% and 94.46% by TVSM
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 lakhs	Rs In lakhs
a) for the financial year of the subsidiary	11,024.43	(40.67)
b) for the previous financial years since they became subsidiaries	9,132.90	(33.06)
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 lakhs	Rs. In lakhs
a) for the financial year of the subsidiary	3,272.19	-
b) for the previous financial years since they became subsidiaries	2,123.00	-
5. Change of interest of the company in the subsidiaries between the end of the financial year of the subsidiary and the financial year of the company.	Not applicable as the subsidiaries close the accounts on 31 <sup>st</sup> March	
6. Material changes between the end of the financial year of the subsidiary 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		

- Notes :
- SCL, Chennai holds 57.40% of the paid up equity capital of TVS Motor Company Limited (TVSM), Chennai. Hence, TVSM is a subsidiary of SCL, Chennai u/s 4(1)(b) of the Act.
  - Sundaram Auto Components Limited (SACL), Chennai and TVS Housing Limited, Chennai are wholly-owned subsidiaries of TVSM, and hence they are subsidiaries of SCL, u/s 4(1)(c) of the Act.
  - TVS Motor (Singapore) Pte Limited, Singapore, TVS Motor Company (Europe) BV, Amsterdam, are wholly owned subsidiaries of TVSM and PT.TVS Motor Company Indonesia, Jakarta, is a subsidiary of TVSM and hence they are subsidiaries of SCL, Chennai u/s 4(1)(c) of the Act.
  - SCL, Chennai and its subsidiary TVS Motor Company Limited, Chennai together hold 100% of the paid up equity capital of TVS Energy Limited, Chennai. Hence, TVS Energy Limited is a subsidiary of SCL, Chennai u/s 4(1)(b) of the Act.
  - TVS Wind Energy Limited, Chennai is a subsidiary of TVS Energy Limited and hence it is a subsidiary of SCL u/s 4(1)(c) of the Act.
  - TVS Wind Power Limited, Chennai is a subsidiary of TVS Energy Limited and hence it is a subsidiary of SCL u/s 4(1)(c) of the Act.

VENU SRINIVASAN  
*Chairman & Managing Director*

GOPAL SRINIVASAN  
*Director*

Chennai  
28<sup>th</sup> August, 2012

V N VENKATANATHAN  
*Executive Vice-President (Finance)*

R RAJA PRAKASH  
*Company Secretary*

**Consolidated Accounts**  
**of**  
***Sundaram-Clayton Limited***





## Sundaram-Clayton Limited

### 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 2012 and also the related statement of Profit and Loss 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 report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 on "Consolidated Financial Statements" read with Accounting Standard 23 on "Accounting for Investments in Associates" issued by The Institute of Chartered Accountants of India, on the basis of the individual financial statements of Sundaram-Clayton Limited, Chennai, its subsidiaries viz.,

1. TVS Motor Company Limited, Chennai;
2. Sundaram Auto Components Limited, Chennai;
3. TVS Energy Limited, Chennai;
4. TVS Wind Energy Limited, Chennai;
5. TVS Housing Limited, Chennai;
6. TVS Motor (Singapore) Pte Limited, Singapore;
7. TVS Motor Company (Europe) B.V., Amsterdam, The Netherlands;
8. PT. TVS Motor Company Indonesia, Jakarta; and
9. Sundaram Business Development Consulting (Shanghai) Company Limited, China

and its associates, viz.,

1. Sundram Non-Conventional Energy Systems Limited, Chennai;
2. TVS Wind Power Limited, Chennai;
3. Sundaram Engineering Products Services Limited, Chennai;
4. Emerald Haven Realty Limited, Chennai; and
5. TVS Finance & Services Limited, Chennai (upto 06.07.2011).

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 did not audit the financial statements of the following subsidiaries for the year ended 31<sup>st</sup> March 2012. 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.

1. TVS Motor Company (Europe) B.V., Amsterdam, The Netherlands;
2. TVS Motor (Singapore) Pte. Ltd., Singapore;
3. PT. TVS Motor Company Indonesia, Jakarta;
4. Sundaram Business Development Consulting (Shanghai) Company Limited, China.
5. TVS Housing Limited, Chennai;
6. TVS Energy Limited, Chennai; and
7. TVS Wind Energy Limited, Chennai.

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 2012 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  
Firm Regn. No. 004207S

M. BALASUBRAMANIAM  
Partner  
Membership No. F7945

Place : Chennai  
Date : 28<sup>th</sup> August, 2012

## Sundaram-Clayton Limited

### Consolidated Balance Sheet as at 31<sup>st</sup> March 2012

(Rupees in lakhs)

	Note number	As at 31.03.2012	As at 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	I	948.38	1,896.76
(b) Reserves and surplus	II	69,279.42	56,327.44
<b>2 Share application money pending allotment</b>		–	75.00
<b>3 Minority Interest</b>		32,927.64	33,836.24
<b>4 Non-current liabilities</b>			
(a) Long-term borrowings	III	98,361.93	87,749.62
(b) Deferred tax liabilities (Net)	IV	7,518.13	5,090.25
(c) Other Long-term liabilities	V	–	3,722.44
(d) Long-term provisions	VI	7,941.49	7,384.75
<b>5 Current liabilities</b>			
(a) Short-term borrowings	VII	47,451.95	34,822.06
(b) Trade payables		87,278.40	81,766.27
(c) Other current liabilities	VIII	64,323.37	63,546.83
(d) Short-term provisions	IX	5,556.84	4,597.53
<b>Total</b>		<u>4,21,587.55</u>	<u>3,80,815.19</u>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>1 (a) Fixed assets</b>			
(i) Tangible assets	X	1,76,202.54	1,62,796.42
(ii) Intangible assets	X	673.78	536.28
(iii) Capital work-in-progress	X	27,038.29	9,050.20
(b) Goodwill on consolidation		292.16	937.39
(c) Non-current investments	XI	35,122.98	27,525.60
(d) Long-term loans and advances	XII	5,047.15	9,770.24
(e) Other non-current assets	XIII	42.40	64.69
<b>2 Current assets</b>			
(a) Current investments	XIV	643.01	2,475.60
(b) Inventories	XV	87,287.19	78,317.14
(c) Trade receivables	XVI	39,060.35	42,666.69
(d) Cash and cash equivalents	XVII	14,373.84	12,368.51
(e) Short-term loans and advances	XVIII	24,805.91	23,910.82
(f) Other current assets	XIX	10,997.95	10,395.61
<b>Total</b>		<u>4,21,587.55</u>	<u>3,80,815.19</u>
Accounting Standards, additional disclosures and notes on accounts	XXVI		

VENU SRINIVASAN  
*Chairman & Managing Director*

GOPAL SRINIVASAN  
*Director*

As per our report annexed  
For SUNDARAM & SRINIVASAN  
*Chartered Accountants*  
Firm Regn. No. 004207S

Chennai  
28<sup>th</sup> August, 2012

V N VENKATANATHAN  
*Executive Vice-President (Finance)*

R RAJA PRAKASH  
*Company Secretary*

M BALASUBRAMANIAM  
*Partner*  
Membership No. F7945

## Sundaram-Clayton Limited

### Consolidated Statement of Profit & Loss for the year ended 31<sup>st</sup> March 2012

		(Rupees in lakhs)	
	Note number	Year ended 31.03.2012	Year ended 31.03.2011
I	Revenue from operations	8,29,716.16	7,38,241.49
II	Other income	2,104.88	2,380.66
III	Total Revenue (I + II)	8,31,821.04	7,40,622.15
IV	Expenses:		
	Cost of materials consumed	4,93,139.65	4,69,240.85
	Purchases of Stock-in-Trade	90,280.16	60,938.93
	Changes in inventories of finished goods, work-in-process and Stock-in-Trade	(3,348.13)	(18,026.30)
	Employee benefits expense	55,890.24	50,585.89
	Finance costs	13,011.00	10,600.33
	Depreciation and amortization expense	20,626.35	18,098.23
	Other expenses	1,37,772.69	1,30,897.52
	Total expenses	8,07,371.96	7,22,335.45
V	Profit before exceptional items and tax (III-IV)	24,449.08	18,286.70
VI	Exceptional item - Profit on sale of long term investments	2,534.45	-
	Loss on sale of unused assets	-	(62.25)
VII	Profit before tax (V + VI)	26,983.53	18,224.45
VIII	Tax expense:		
	(1) Current tax	7,785.22	8,268.42
	(2) Deferred tax	2,583.97	(2,329.58)
IX	Profit/(Loss) for the period from continuing operations (VII-VIII)	16,614.34	12,285.61
X	Profit/(Loss) from discontinuing operations	0.45	(25.00)
XI	Tax expense of discontinuing operations	0.09	-
XII	Profit/(Loss) from Discontinuing operations (after tax) (X-XI)	0.36	(25.00)
XIII	Share of Profit/(Loss) of associates	1.68	14.52
XIV	Profit / (Loss) for the period (IX + XII + XIII)	16,616.38	12,275.13
XV	Relating to parent company	10,847.38	6,456.71
XVI	Relating to minority shareholders	5,769.00	5,818.42
XVII	Earnings per equity share		
	(1) Basic (in Rs.)	45.21	17.02
	(2) Diluted (in Rs.)	45.21	17.02
	Accounting Standards, additional disclosures and notes on accounts	XXVI	

VENU SRINIVASAN  
*Chairman & Managing Director*

GOPAL SRINIVASAN  
*Director*

As per our report annexed  
For SUNDARAM & SRINIVASAN  
*Chartered Accountants*  
Firm Regn. No. 004207S

Chennai  
28<sup>th</sup> August, 2012

V N VENKATANATHAN  
*Executive Vice-President (Finance)*

R RAJA PRAKASH  
*Company Secretary*

M BALASUBRAMANIAM  
*Partner*  
Membership No. F7945

## Sundaram-Clayton Limited

### Consolidated notes on accounts

Particulars	As at 31.03.2012		As at 31.03.2011			
	Number	Rupees in lakhs	Number	Rupees in lakhs		
<b>I. SHARE CAPITAL</b>						
a) Details of authorised, issued and subscribed share capital						
<b>Authorised Capital</b>						
Equity Shares of Rs.5/- each *	5,00,00,000	2,500.00	4,00,00,000	2,000.00		
<b>Issued,Subscribed &amp; Paid up Capital</b>						
Equity Shares of Rs.5/- each fully paid	1,89,67,584	948.38	3,79,35,168	1,896.76		
Out of the above:						
Equity shares allotted as fully paid up by way of bonus shares in the five years immediately preceeding the date of Balance Sheet:						
a) Number of shares - 1,89,67,584						
b) Year of allotment - Year ended 31st March, 2010.	1,89,67,584	948.38	3,79,35,168	1,896.76		
* The increase in authorised capital by Rs.500 lakhs (1,00,00,000 equity shares of Rs.5 each) is on account of aggregation of authorised share capital of Anusha Investments Limited, Chennai, the erstwhile wholly owned subsidiary company. This is approved by the Honourable High Court of Judicature at Madras vide its order dated 03-08-2012 on the composite scheme of arrangement including amalgamation and demerger.						
(b) Reconciliation of equity shares outstanding at the beginning and at the end of 31 <sup>st</sup> March 2012						
Shares outstanding at the beginning of the year	3,79,35,168	1,896.76	3,79,35,168	1,896.76		
Shares Issued during the year	-	-	-	-		
Reduction pursuant to composite scheme of arrangement sanctioned by the Honourable High Court of Judicature at Madras (vide its order dated 03-08-2012)	(1,89,67,584)	(948.38)	-	-		
Shares outstanding at the end of the year	1,89,67,584	948.38	3,79,35,168	1,896.76		
(c) i) Rights and preferences attached to equity share:						
Every shareholder is entitled to such rights as to attend the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act 1956.						
ii) There are no restrictions attached to equity shares.						
(d) Details of shares held by holding/ultimate holding/subsidiaries/associates of holding company at the end of 31 <sup>st</sup> March 2012						
Name of Shareholder	Relationship	Class of Share	As at 31.03.2012		As at 31.03.2011	
			No. of shares held	% of holding	No. of shares held	% of holding
T V Sundram Iyengar & Sons Limited - Madurai	Holding company	Equity	38,07,330	20.07	76,14,660	20.07
Sundaram Industries Limited- Madurai	Fellow Subsidiary	Equity	60,62,522	31.96	1,21,25,044	31.96
Southern Roadways Limited- Madurai	Fellow Subsidiary	Equity	30,31,127	15.98	60,62,254	15.98
(e) Details of shareholders holding more than five percent at the end of 31 <sup>st</sup> March 2012 (other than I (d))						
Name of Shareholder	Class of Share	As at 31.03.2012		As at 31.03.2011		
		No. of shares held	% of holding	No. of shares held	% of holding	
Sundaram Finance Limited- Chennai	Equity	22,73,085	11.98	45,46,170	11.98	

## Sundaram-Clayton Limited

### Consolidated notes on accounts – (continued)

	(Rupees in lakhs)	
	As at 31.03.2012	As at 31.03.2011
<b>II. RESERVES AND SURPLUS</b>		
<b>a. Capital Reserves</b>		
Opening Balance	11,698.42	11,698.42
Add: On account of amalgamation *	4,307.25	–
Government grant	17.22	–
	<u>16,022.89</u>	<u>11,698.42</u>
Less: On account of demerger *	3,819.64	–
Transferred to General Reserve *	2,278.92	6,098.56
Closing Balance	<u>9,924.33</u>	<u>11,698.42</u>
<b>b. Securities Premium Reserve</b>		
Opening Balance	159.62	159.62
Less: Transfer on merger	159.62	–
Closing Balance	<u>–</u>	<u>159.62</u>
<b>c. General reserve</b>		
Opening Balance	59,910.33	58,886.76
Add: Transfer from the Statement of Profit and Loss (after minority interest)	2,192.44	3,398.57
Transfer from capital reserves	2,278.92	4,471.36
	<u>64,381.69</u>	<u>62,285.33</u>
Less: Capitalised by issue of Bonus shares	–	2,375.00
On account of demerger*	1,841.49	1,841.49
Closing Balance	<u>62,540.20</u>	<u>59,910.33</u>
<b>d. Statutory Reserve</b>		
Opening balance	2,844.98	2,451.18
Add: Transfer from the statement of Profit and Loss	–	393.80
Less: On account of demerger*	2,844.98	–
Closing Balance	<u>–</u>	<u>2,844.98</u>
<b>e. Investment Subsidy</b>		
Opening balance	6.67	6.67
Less: On account of demerger*	6.67	–
Closing Balance	<u>–</u>	<u>6.67</u>
<b>f. Investment Allowance reserve</b>		
Opening balance	16.40	16.40
Less: On account of demerger*	16.40	–
Closing Balance	<u>–</u>	<u>16.40</u>
<b>g. Foreign Currency Translation Reserve</b>		
Opening balance	(1,670.34)	(1,323.64)
Add: Additions during the year	(590.07)	(346.70)
Closing Balance	<u>(2,260.41)</u>	<u>(1,670.34)</u>
<b>h. Employee Stock Option Outstanding Account</b>		
Opening balance	0.15	3.77
Less: On account of demerger*	0.15	3.62
Closing Balance	<u>–</u>	<u>0.15</u>
<b>i. Hedging reserve</b>		
	(270.57)	–



## Sundaram-Clayton Limited

### Consolidated notes on accounts - (continued)

#### II. RESERVES AND SURPLUS - (continued)

	(Rupees in lakhs)	
	As at 31.03.2012	As at 31.03.2011
<b>j. Surplus i.e. balance in Statement of Profit and Loss</b>		
Opening balance	(21,405.39)	(25,154.81)
Add: Net Profit / (Loss) for the current year	16,616.38	12,275.13
On account of demerger	9,296.80	—
	<u>25,913.18</u>	<u>—</u>
	4,507.79	(12,879.68)
Less: Allocations / Appropriations		
Interim Dividend Paid	1,214.90	1,960.97
Interim Dividend payable	2,181.29	1,232.89
Dividend tax	1,382.97	1,110.30
Tax relating to earlier years	624.94	(34.84)
Transfer to general reserve	3,283.00	4,256.39
Transfer to minority interest	(3,525.18)	3,759.11
	<u>5,161.92</u>	<u>(4,766.60)</u>
Closing Balance	(654.13)	(16,638.79)
<b>Total (a+b+c+d+e+f+g+h+i+j)</b>	<u>69,279.42</u>	<u>56,327.44</u>

\* Transfer Pursuant to composite scheme of arrangement sanctioned by the Honourable High Court of Judicature at Madras.

#### III. LONG-TERM BORROWINGS

(a) Secured		
Term loans		
From banks	68,663.93	61,408.62
From other parties	7723.00	7723.00
(b) Unsecured		
Sales Tax Deferral loan	21,825.00	18,468.00
From other parties	150.00	150.00
<b>Total</b>	<u>98,361.93</u>	<u>87,749.62</u>

#### IV. DEFERRED TAX LIABILITIES (NET)

Deferred Tax Liability		
on Depreciation	17,141.55	15,295.08
on Amortisation of Dies and Moulds	1,114.00	1,273.00
on Expenses admissible on payment basis	2,910.00	4,392.00
	<u>21,165.55</u>	<u>20,960.08</u>
Less: Deferred Tax Assets		
on Unabsorbed Business Loss	5,247.98	7,504.76
on Unabsorbed Capital Loss	922.36	682.00
on expenses will be allowed only on Payment Basis	6,765.35	6,629.25
on employee related schemes	—	1,049.75
on Other Timing Differences	711.73	4.07
	<u>13,647.42</u>	<u>15,869.83</u>
<b>Total</b>	<u>7,518.13</u>	<u>5,090.25</u>

## Sundaram-Clayton Limited

### Consolidated notes on accounts – (continued)

	(Rupees in lakhs)	
	As at 31.03.2012	As at 31.03.2011
<b>V. OTHER LONG TERM LIABILITIES</b>		
(a) Dues to Group companies	–	112.17
(b) Due to Others - Indemnity Deposits	–	3,500.00
(c) Trade Payables	–	0.01
(d) Others:		
- Foreign Currency Monetary Item Translation Difference	–	10.14
- Advance received for sale of land	–	100.00
- Unexpired AMC	–	0.12
<b>Total</b>	–	3,722.44
<b>VI. LONG TERM PROVISIONS</b>		
(a) Employee benefits		
(i) Pension	7,035.38	6,331.05
(ii) Leave salary	711.05	612.16
(iii) Gratuity	–	7.85
(b) Others		
(i) Sales Tax	195.06	243.18
(ii) Warranty	–	134.92
(iii) Provision for tax (net of advance tax)	–	55.59
<b>Total</b>	7,941.49	7,384.75
<b>VII. SHORT TERM BORROWINGS</b>		
(a) Secured		
From banks- Repayable on demand	26,387.22	24,754.11
(b) Unsecured		
From banks- Short term	21,064.73	10,046.49
From related parties	–	21.46
<b>Total</b>	47,451.95	34,822.06

Details of securities created for loans availed and referred to in VII(a) above

First charge by way of hypothecation and / or pledge of current assets viz., stocks of raw materials, semi finished and finished goods, stores and spares not relating to plant and equipment, bills receivable, book debts and all other movables located in all plants.

## Sundaram-Clayton Limited

### Consolidated notes on accounts – (continued)

(Rupees in lakhs)

Repayment terms of Long term loans									
Total of loans repayable as at 31.03.2011	Loan repayable in 2011-12 (Current maturity - other current liability)	Balance Long-term loans as at 31.03.2011	Description	Frequency	No. of instalments due	Maturity	Total of loans repayable as at 31.03.2012	Loan repayable in 2012-13 (Current maturity - other current liability)	Balance Long-term loans as at 31.03.2012
1,222.20	1,222.20	–	External Commercial Borrowings	Half Yearly	-	March 2012	–	–	–
1,664.00	832.00	832.00	External Commercial Borrowings	Half Yearly	2	January 2013	957.50	957.50	–
4,460.00	1,784.00	2,676.00	External Commercial Borrowings	Half Yearly	3	September 2013	3,045.00	2,030.00	1,015.00
5,799.00	4,461.00	1,338.00	External Commercial Borrowings	Half-yearly	1	May 2012	1,470.00	1,470.00	–
5,423.41	757.00	4,666.41	External Commercial Borrowings	Half-yearly	20	March 2023	19,745.58	655.00	19,090.58
22,700.00	3,405.00	19,295.00	Term Loan I	Quarterly	17	April 2016	19,295.00	4,540.00	14,755.00
12,300.02	3,690.02	8,610.00	Term Loan II	Quarterly	7	November 2013	8,609.93	4,919.93	3,690.00
1,250.00	1,250.00	–	Term Loan III	Quarterly	-	July 2012	–	–	–
1,693.75	1,225.00	468.75	Term Loan IV	Quarterly	16	March 2017	2,969.00	469.00	2,500.00
5,485.71	–	5,485.71	Term Loan V	Quarterly	35	June 2020	5,316.00	516.00	4,800.00
12,660.00	1,639.00	11,021.00	International Finance Corporation	Half-yearly	16	September 2018	12,773.00	2,461.00	10,312.00
–	–	–	Term Loan VI	Quarterly	36	May 2021	3,000.00	250.00	2,750.00
2,915.00	1,668.00	1,247.00	Term Loan VII	Quarterly	3	December 2012	1,247.00	1,247.00	–
5,000.00	–	5,000.00	Term Loan VIII	Quarterly	14	February 2016	5,000.00	714.30	4,285.70
751.16	–	751.16	Term Loan IX	Half Yearly	8	March 2016	5,000.00	1,250.00	3,750.00
17.59	–	17.59	Term Loan X	–	–	–	–	–	–
4,685.00	4,685.00	–	Term Loan XI	–	–	–	–	–	–
–	–	–	Buyer's credit	Bullet payment	NIL	July 2014 to December 2014	1,715.65	–	1,715.65
6,962.00	633.00	–	Sales Tax Deferral Phase-1	Yearly	10	2020-21	6,329.00	633.00	5,696.00
12,139.00	–	12,139.00	Phase-2	Yearly	12	2026-27	16,129.00	–	16,129.00
7,723.00	–	7,723.00	State owned corporation	Yearly	2	2022-23	7,723.00	–	7,723.00
150.00	–	150.00	Soft loan from DSIR	Yearly	–	–	150.00	–	150.00
115,000.84	27,251.22	87,749.62	Total				120,474.66	22,112.73	98,361.93

Details of securities created:

(i) External Commercial Borrowings secured by exclusive charge by way of hypothecation of specific movable properties including movable plant and equipment situated at Companies' Factories

(ii) Term loans

(a) First and exclusive charge on specific plant and equipment situated at Companies' factories

(b) Charge on pari-passu basis on the movable plant and equipment, spares, tools and accessories and other movables, both present and future situated in all plants, with the existing term loan lenders.

(iii) Buyer's credit : Secured by first and exclusive charge on specific plant and equipment situated at the Company's factories

(iv) Soft loan from Department of Science & Industrial Research, Govt. of India (DSIR) is unsecured.

## Sundaram-Clayton Limited

### Consolidated notes on accounts - (continued)

#### Repayment terms of Long term loans - (continued)

- (v) Soft loan- State owned corporation viz., SIPCOT

First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of lands.

Amount payable in each instalments

Description	Currency	Amount
External commercial borrowings	JPY	111.55 million
External commercial borrowings	JPY	215.26 million
External commercial borrowings	USD	3 million, 2 million
External commercial borrowings	USD & JPY	1.69 million USD & 45.46 million JPY
Term Loan I	INR	1,135 lakhs
Term Loan II	INR	1,230 lakhs
Term Loan III	INR	1,250 lakhs
Term Loan IV	INR	156 lakhs
Term Loan V	INR	172 lakhs
Term Loan VI	INR	83.33 lakhs
Term Loan VII	INR	417 lakhs
Term Loan VIII	INR	357.15 lakhs
Term Loan IX	INR	625 lakhs
International Finance Corporation	USD	1.8 million, 5.8 million, 2.2 million & 1.1 million
Sales tax deferral Phase-1	INR	Not stipulated
Sales tax deferral Phase-2	INR	Not stipulated
State owned corporation	INR	Not stipulated

Soft loan from DSIR: Repayable in 5 yearly instalments "from the start of commercial sale of the product produced in the commercial plant, or a new producing plant installed on the basis of result of the Technology Development and Demonstration Programme (TDDP) project, whichever is earlier"

(Rupees in lakhs)

As at 31.03.2012                      As at 31.03.2011

### VIII. OTHER CURRENT LIABILITIES

(a) Current maturities of long-term debt Term loans	22,112.73	27,251.22
(b) Interest accrued but not due on borrowings	432.53	399.47
(c) Interest accrued and due on borrowings	82.63	259.05
(d) Income received in advance	-	144.11
(e) Unpaid dividends	236.96	165.38
(f) Foreign currency monetary item translation difference account	27.00	-
(g) Unpaid interest accrued on matured deposits	-	0.36
(h) Others:		
(i) Statutory Dues	3,057.27	3,033.30
(ii) Security deposits/ Trade deposits	4,619.00	1,594.63
(iii) Employee related	2,509.69	2,291.50
(iv) For expenses	19,316.71	21,178.37
(v) Advance received for sale of shares	1,514.72	5,812.29
(vi) Capital goods	10,414.13	1,417.15
<b>Total</b>	<u>64,323.37</u>	<u>63,546.83</u>

## Sundaram-Clayton Limited

### Consolidated notes on accounts - (continued)

	(Rupees in lakhs)	
	As at 31.03.2012	As at 31.03.2011
<b>IX. SHORT-TERM PROVISIONS</b>		
(a) Employee benefit - Leave salary	338.59	323.74
(b) Warranty	1,805.51	2,043.40
(c) Interim dividend payable	2,181.29	1,232.89
(d) Dividend tax payable	920.97	499.79
(e) Provision for taxation	169.48	46.83
(f) Others- For expenses	141.00	450.88
<b>Total</b>	<b>5,556.84</b>	<b>4,597.53</b>

### X. NON-CURRENT ASSETS - FIXED ASSETS

(Rupees in lakhs)

Description	Tangible							Intangible* (Software/Licence fees /intellectual property rights)		Total (tangible and intangible)			
	Land		Buildings	Plant & equip- ment	Furniture & fixtures	Office equip- ment	Vehicles	Total as at		As at			
	Free hold	Lease hold						31/03/ 2012	31/03/ 2011	31/03/ 2012	31/03/ 2011	31/03/ 2012	31/03/ 2011
<b>Cost of assets</b>													
As at 01-04-2011	5,163.70	2,522.52	39,691.77	246,837.00	2,397.54	7,364.36	1,777.73	305,754.62	275,702.63	2,673.75	2,244.57	308,428.37	277,947.20
Additions	803.04	-	5,351.95	29,405.68	282.46	895.13	694.10	37,432.36	36,870.96	841.10	429.18	38,273.46	* 37,300.14
Sub-total	5,966.74	2,522.52	45,043.72	276,242.68	2,680.00	8,259.49	2,471.83	343,186.98	312,573.59	3,514.85	2,673.75	346,701.83	315,247.34
Sales / Deletion / Amortisation	-	(9.79)	(7.00)	(7,941.43)	(9.60)	(212.05)	(176.43)	(8,356.30)	(6,818.97)	-	-	(8,356.30)	(6,818.97)
Effect of Scheme	2,514.51	(199.15)	(1,203.52)	(4,518.71)	(436.33)	(1,847.72)	(43.25)	(5,734.17)	-	(1,246.13)	-	(6,980.30)	-
<b>Total</b>	8,481.25	2,313.58	43,833.20	263,782.54	2,234.07	6,199.72	2,252.15	329,096.51	305,754.62	2,268.72	2,673.75	331,365.23	308,428.37
<b>Depreciation &amp; Amortisation</b>													
Upto 31-03-2011	27.00	48.44	9,029.02	126,431.07	1,201.38	5,294.69	926.60	142,958.20	128,448.94	2,137.47	1,750.33	145,095.67	130,199.27
For the year	11.00	11.00	1,408.41	17,617.65	188.51	676.35	240.93	20,153.85	17,711.09	472.50	387.14	20,626.35	18,098.23
Sub-total	38.00	59.44	10,437.43	144,048.72	1,389.89	5,971.04	1,167.53	163,112.05	146,160.03	2,609.97	2,137.47	165,722.02	148,297.50
Withdrawn on assets sold / deleted	-	-	(6.00)	(4,004.40)	(9.59)	(200.99)	(171.81)	(4,392.79)	(3,201.83)	-	-	(4,392.79)	(3,201.83)
Effect of Scheme	-	-	(657.41)	(3,399.97)	(165.52)	(1,560.37)	(42.02)	(5,825.29)	-	(1,015.03)	-	(6,840.32)	-
<b>Total</b>	38.00	59.44	9,774.02	136,644.35	1,214.78	4,209.68	953.70	152,893.97	142,958.20	1,594.94	2,137.47	154,488.91	145,095.67
<b>Written down value</b>													
As at 31-03-2012	8,443.25	2,254.14	34,059.18	127,138.19	1,019.29	1,990.04	1,298.45	176,202.54	-	673.78	-	176,876.32	-
As at 31-03-2011	5,136.70	2,474.08	30,662.75	120,405.93	1,196.16	2,069.67	851.13	-	162,796.42	-	536.28	-	163,332.70
<b>CAPITAL WORK-IN-PROGRESS (AT COST)</b>													
(a) Building												3,335.55	1,141.08
(b) Plant & equipment												23,626.63	7,904.92
(C) Others												76.11	4.20
<b>Total</b>												27,038.29	9,050.20

# Includes loss arising on account of restatement of external commercial borrowings attributable to acquisition of fixed assets

## Sundaram-Clayton Limited

### Consolidated notes on accounts - (continued)

	(Rupees in lakhs)	
	As at 31.03.2012	As at 31.03.2011
<b>XI. NON CURRENT INVESTMENTS</b>		
A Trade Investments		
(a) Investment in Equity Instruments	4,828.66	1,033.98
Add: Pro-rata share in the profit of associates (net)	60.86	68.75
Less: Provision for diminution in the value of investments *	10.50	10.50
	4,879.02	1,092.23
(b) Investment in Preference Shares	25,602.33	18,641.33
(c) Investment in Private Equity Funds	1,086.93	4,237.34
<b>Total (A)</b>	31,568.28	23,970.90
B Other Investments		
(a) Investment in Equity Instruments	0.07	0.07
(b) Investment in Debentures or bonds	1,500.00	1,500.00
(c) Employees Pension related Investments	2,054.63	2,054.63
<b>Total (B)</b>	3,554.70	3,554.70
<b>Total (A) + (B)</b>	35,122.98	27,525.60

\* Note: All investments are carried at cost. Provision for diminution in value of investments has been created wherever necessary

### XII. LONG-TERM LOANS AND ADVANCES

Unsecured, considered good

(a) Loans and advances to related parties	1,091.82	226.19
(b) Capital advances	840.97	2,240.97
(c) Deposits made	2,178.92	4,572.10
(d) Advance payment of income tax (net of provisions)	935.44	2,457.78
(e) Others		
(i) Balance with Statutory Authorities	-	25.82
(ii) Advance to suppliers	-	224.66
(iii) Loans to employees	-	16.87
(iv) Interest Receivable	-	5.85
<b>Total</b>	5,047.15	9,770.24

### XIII. OTHER NON-CURRENT ASSETS

(a) Upfront fees on long term borrowings	-	44.31
(b) Preliminary expenses	-	0.66
(c) Foreign Currency Monetary item translation Difference	20.31	-
(d) Taxes & Duties Recoverable (Advance Income Tax Net of Provisions)	22.09	19.72
<b>Total</b>	42.40	64.69

### XIV. CURRENT INVESTMENTS

(a) Investment in Equity instruments	105.00	16.23
(b) Investments in Mutual Funds	647.43	3,147.63
<b>Total</b>	752.43	3,163.86
Less : Provision for diminution in the value of investments *	109.42	688.26
Net realisable value	643.01	2,475.60

\* Note: All investments are carried at cost. Provision for diminution in value of investments has been created wherever necessary



# Sundaram-Clayton Limited

## Consolidated notes on accounts - (continued)

### Details of Non-current Investments

Sl. No.	Name of the body corporate	Subsidiary/ associate/JV/ controlled entity/ others	No. of Shares / Units		Extent of holding (%)		Rupees in lakhs	
			As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
<b>A</b>	<b>Trade Investments</b>							
(a)	Investment in Equity Instruments - Fully paid-up							
	(i) Quoted							
	Suprajit Engineering Limited, Bengaluru	Others	28,92,000	28,92,000	-	-	8.00	8.00
	Suprajit Engineering Limited, Bengaluru	Others	57,72,000	57,72,000	-	-	43.29	43.29
	Ucal Fuel Systems Limited, Chennai	Others	91,760	91,760	-	-	25.00	25.00
	Bank of Baroda, Vadodara	Others	2,000	2,000	-	-	1.70	1.70
	India Nippon Electricals Limited, Chennai	Others	2,945	2,104	-	-	1.44	1.44
	Kinetic Engineering Limited, Pune	Others	60	60	-	-	0.08	0.08
	Mahindra & Mahindra Limited, Mumbai	Others	92	92	-	-	0.01	0.01
	Harita Seating Systems Limited, Chennai	Others	7,280	7,280	-	-	4.04	4.04
	Bosch Chassis Systems India Limited, Pune	Others	-	400	-	-	-	0.12
	Eicher Motors Limited, New Delhi	Others	100	100	-	-	0.03	0.03
	Premier Limited, Mumbai (formerly known as Premier Automobiles Limited)	Others	50	50	-	-	0.01	0.01
	LML Limited, Kanpur - Cost Rs.250/-	Others	25	25	-	-	-	-
	Bajaj Auto Limited, Pune Cost - Rs.348/-	Others	50	50	-	-	-	-
	Hero Motocorp Limited, New Delhi Cost Rs.186/-	Others	50	50	-	-	-	-
	Summit Securities Ltd, Mumbai	Others	11	11	-	-	-	-
(ii) Unquoted								
	Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited)	Associate	4,00,00,000	-	48.78	-	4,000.00	-
	TVS Training and Services Limited, Chennai - Share application money	Others	-	-	-	-	50.00	-
	Sundaram Engineering Products Services Ltd	Associate	25,493	-	-	-	2.54	-
	TVS Wind Power Limited, Chennai	Others	41,00,000	41,00,000	-	-	410.00	410.00
	TVS Lanka (Private) Limited, Colombo	Others	50,00,000	50,00,000	-	-	208.00	208.00
	TVS Motor Services Limited, Chennai	Others	3,80,000	3,80,000	-	-	38.00	38.00
	TVS Global Automobile Traders FZCO, Dubai	Others	1	1	-	-	13.86	13.86
	Sundram Non Conventional Energy Systems Limited, Chennai	Associate	1,17,650	1,17,650	-	-	11.77	11.77
	L P Polymers Limited, Hyderabad	Others	1,00,000	1,00,000	-	-	10.00	10.00
	Orkay Industries Limited, Mumbai	Others	38	38	-	-	0.01	0.01
	PAL Peugeot Limited, New Delhi	Others	400	400	-	-	0.04	0.04
	Shree Chamundi Mopeds Limited, Tumkur (under liquidation)	Others	100	100	-	-	0.02	0.02
	DCM Daewoo Motors Limited, New Delhi	Others	100	100	-	-	0.02	0.02
	Athena Financial Services Limited, Pune	Others	33	33	-	-	0.02	0.02
	TVS Finance and Services Limited, Chennai	Controlled entity	78,00,000	78,00,000	-	-	0.78	0.78
	ArKay Energy (Rameswaram) Limited, Hyderabad	Others	-	10,50,000	-	-	-	105.00
	Modular Infotech Private Limited, Pune	Others	-	6,20,000	-	-	-	62.00
	Modular Infotech Private Limited, Pune	Others	-	9,07,255	-	-	-	90.73
	Elgi Ultra Industries Limited, Coimbatore	Others	-	100	-	-	-	0.01
	Less:Pro-rata share in the profit of associates		-	-	-	-	60.86	68.75
	<b>Total (a)</b>						<b>4,889.52</b>	<b>1,102.73</b>

## Sundaram-Clayton Limited

### Consolidated notes on accounts - (continued)

#### Details of Non-current Investments - (continued)

Sl. No.	Name of the body corporate	Subsidiary/ associate/JV/ controlled entity/ others	No. of Shares / Units		Extent of holding (%)	Extent of holding (%)	Rupees in lakhs	Rupees in lakhs
			As at 31.03.2012	As at 31.03.2011				
(b)	Investment in Preference shares - Fully paid-up, Unquoted TVS Finance and Services Limited, Chennai - 6% Non Cumulative Non convertible Redeemable Preference Shares TVS Finance and Services Limited, Chennai - 9% Non Cumulative Non convertible Redeemable Preference Shares TVS Motor Services Limited, Chennai - Non Cumulative Preference Shares TVS Motor Services Limited, Chennai	Others Others Others Others	75,68,000 57,34,650 1,00,00,000 24,60,10,000	75,68,000 57,34,650 1,00,00,000 17,64,00,000	- - - -	- - - -	0.76 0.57 1,000.00 24,601.00	0.76 0.57 1,000.00 17,640.00
<b>Total (b)</b>							25,602.33	18,641.33
(c)	Investments in Private equity instruments- unquoted TVS Shiriram Growth fund Scheme 1 of TVS Capital Funds Limited, Chennai TVS Shiriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai TVS Shiriram Growth fund Scheme 1 of TVS Capital Funds Limited, Chennai TVS Shiriram Growth Fund, Chennai TVS Shiriram Growth Fund, Chennai	Others Others Others - -	27,443 11,250 70,000 - -	- - 70,000 - -	- - - - -	- - - - -	274.43 112.50 700.00 - -	- - 700.00 1,087.34 2,450.00
<b>Total (c)</b>							1,086.93	4,237.34
<b>Total A (a+b+c)</b>							31,578.78	23,981.40
<b>B</b>								
(a)	Investment in equity instruments - Partly paid-up, Unquoted Adyar Property Holding Company Limited, Chennai	Others	105	105	-	-	0.07	0.07
(b)	Investments in Bonds- Unquoted Power Finance Corporation Limited, New Delhi	Others	150	150	-	-	1,500.00	1,500.00
(c)	Employees pension related - Unquoted ICICI Prudential Life Insurance Company Limited, Mumbai ICICI Prudential Life Insurance Group Superannuation Fund Life Insurance Corporation Pension Policy	Others Others Others	- - -	- - -	- - -	- - -	554.63 923.00 577.00	554.63 923.00 577.00
<b>Total (B) (a+b+c)</b>							3,554.70	3,554.70
<b>Total (A)+(B)</b>							35,133.48	27,536.10

Note: All investments are carried at cost.

#### Summary of non-current investments

Sl. No.	Particulars	Rupees in lakhs	
		As at 31.03.2012	As at 31.03.2011
(a)	Quoted investments	Market value	Market value
(b)	Unquoted investments	Cost	Cost
<b>Total</b>		<b>1,813.86</b>	<b>1,725.46</b>

# Sundaram-Clayton Limited

## Consolidated notes on accounts - (continued)

### Details of Current Investments

Sl. No.	Name of the body corporate	Subsidiary/ associate/JV/ controlled entity/ others	No. of Shares / Units		Extent of holding (%)	Extent of holding (%)
			As at 31.03.2012	As at 31.03.2011		
<b>A</b>	<b>Investments in Equity Instruments - Full paid-up</b>					
	(a) Quoted					
	(i) ICICI Bank Limited., Mumbai	Others	-	34,346	-	6.87
	(ii) Housing Development Finance Corporation Limited, Mumbai	Others	-	3,48,700	-	9.31
	(iii) HDFC Bank Limited., Mumbai	Others	-	500	-	0.05
	(b) Unquoted					
	(i) Arkey Energy (Rameswaram) Limited, Hyderabad	Others	10,50,000	-	105.00	-
	<b>Total (A)</b>				105.00	16.23
<b>B</b>	<b>Investments in Mutual Funds- Quoted</b>					
i)	Sundaram Asset Management Company Limited, Chennai (Sundaram Energy Opportunities Fund - Growth option)	Others	-	10,00,000	-	100.00
ii)	TATA Asset Management Limited, Mumbai Tata Indo Global Infrastructure Fund - Growth option	Others	-	30,00,000	-	300.00
iii)	J M Financial Asset Management Private Limited, Mumbai (J M Basic Fund - Growth option)	Others	-	3,17,283	-	108.33
iv)	L&T Mutual Fund, Mumbai (L& T Opportunities Fund Cumulative plan)	Others	-	4,22,221	-	210.00
v)	L&T Mutual Fund, Mumbai (L & T Ultra Short Term Fund)	Others	97,342	-	16.67	-
vi)	Reliance Mutual Fund, Mumbai (Reliance liquidity fund - Growth )	Others	5,36,941	-	83.84	-
vii)	Kotak Mutual Fund, Mumbai (Kotak Liquid Institutional growth )	Others	9,73,575	-	203.06	-
viii)	JM Financial Mutual Fund, Mumbai - (JM Money Manager Fund )	Others	1,58,916	-	23.81	-
ix)	JM Financial Asset Management Pvt. Limited, Mumbai - JM Money Manager Fund - Super Plus Plan - Growth	Others	-	1,76,249	-	24.00
x)	JM Financial Asset Management Pvt. Limited, Mumbai - JM Emerging Leaders Fund - Growth Plan	Others	-	24,41,665	-	400.00
xi)	JP Morgan Asset Management India Pvt. Limited, Mumbai - JP Morgan India Treasury Fund – Retail – Growth Plan	Others	-	19,00,536	-	222.00
xii)	Religare Asset Management Company Limited, Mumbai - Religare Ultra Short Term Fund - Regular Growth	Others	-	10,018	-	133.00
xiii)	Sundaram Asset Management Company Limited, Chennai - Sundaram Ultra Short Term Fund - Retail - Growth	Others	-	18,06,352	-	232.00
xiv)	Tata asset Management Limited, Mumbai - Tata Indo-Global Infrastructure Fund - Growth	Others	-	50,00,000	-	500.00
xv)	L & T Small Cap Fund - L&T Mutual Fund, Mumbai	Others	-	3,50,000	-	35.00
xvi)	Sundaram Energy Opportunities Fund - Growth of Sundaram Mutual Fund, Chennai, (Last year Sundaram BNP Paribas Mutual Fund)	Others	5,00,000	5,00,000	50.00	50.00
xvii)	JM Agri & Infra Fund - Growth JM Financial Mutual Fund, Mumbai	Others	-	10,00,000	-	100.00
xviii)	BNP Paribas Money plus Institutional growth - BNP Paribas Mutual fund, Mumbai	Others	-	5,86,179	-	60.08
xix)	SBI Magnum Multicap Fund - SBI Mutual Fund, Mumbai	Others	4,21,200	4,21,200	120.00	120.00
xx)	Sundaram Capex Opportunities Fund - Sundaram Mutual Fund, Chennai	Others	4,54,707	4,54,707	150.00	150.00
xxi)	Sundaram Money fund Super Inst. Growth - Sundaram Mutual fund, Chennai	Others	-	19,54,398	-	403.17
xxii)	Morgan Stanley Growth Fund - Morgan Stanley Mutual Fund, Mumbai	Others	500	500	0.05	0.05
	<b>Total (B)</b>				647.43	3,147.63
	<b>Total (A)+(B)</b>				752.43	3,163.86

### Summary of Current investments

Sl. No.	Particulars	As at 31.03.2012		As at 31.03.2011	
		Cost	Market value	Cost	Market value
(a)	Quoted investments	647.43	543.17	3,163.86	5,293.77
(b)	Unquoted investments	105.00	-	-	-
	<b>Total</b>	752.43	543.17	3,163.86	5,293.77

## Sundaram-Clayton Limited

### Consolidated notes on accounts - (continued)

	(Rupees in lakhs)	
	As at 31.03.2012	As at 31.03.2011
<b>XV. INVENTORIES (at weighted average cost or net realisable value whichever is less)</b>		
(a) Raw Materials and components	26,132.85	24,235.10
(b) Goods-in transit- Raw Materials and components	5,656.58	4,090.84
(c) Work-in-process	8,310.55	6,804.57
(d) Finished goods	28,294.30	25,617.21
(e) Stock-in-trade	4,209.43	5,044.37
(f) Land held as Stock-in-trade	2,720.23	2,188.69
(g) Goods-in transit - Stock-in-trade	586.89	223.40
(h) Stores and spares	7,617.36	6,242.96
(i) Dies, moulds and tools	3,759.00	3,870.00
<b>Total</b>	<u>87,287.19</u>	<u>78,317.14</u>
Note: Work-in-process comprises of:		
(a) Semi finished castings pending for machining / under inspection	1,630.98	1,282.97
(b) Semi finished machined products	532.71	470.62
(c) Computer Peripherals	-	2.43
(d) Vehicle Pending Testing	256.00	219.00
(e) Semi-Finished Vehicles	5,307.00	4,471.00
(f) Rubber Components	160.23	64.77
(g) Plastic Components	220.96	189.88
(h) Moulds	202.67	103.90
	<u>8,310.55</u>	<u>6,804.57</u>
<b>XVI. TRADE RECEIVABLES</b>		
(a) Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	2,048.07	2,771.75
(ii) Considered doubtful	803.43	990.53
	<u>2,851.50</u>	<u>3,762.28</u>
Less: Provision for doubtful debts	803.43	1,060.25
	<u>2,048.07</u>	<u>2,702.03</u>
(b) Other unsecured debts (considered good)	37,012.28	39,964.66
<b>Total</b>	<u>39,060.35</u>	<u>42,666.69</u>
<b>XVII. CASH AND CASH EQUIVALENTS</b>		
(a) Balances with banks	13,259.20	11,949.82
(b) Cheques/drafts on hand	836.01	74.60
(c) Cash on hand	38.67	25.73
(d) Earmarked balances with banks (for unpaid dividend)	236.96	165.36
(e) Bank Deposits with more than 12 months maturity	3.00	153.00
<b>Total</b>	<u>14,373.84</u>	<u>12,368.51</u>

## Sundaram-Clayton Limited

### Consolidated notes on accounts - (continued)

	(Rupees in lakhs)	
	As at 31.03.2012	As at 31.03.2011
<b>XVIII.SHORT TERM LOANS AND ADVANCES</b>		
Unsecured considered good:		
(a) Loans and advances to related parties	445.78	1,812.20
(b) Others:		
(i) Employee related *	1,493.08	1,355.31
(ii) Excise current account	11,182.99	10,690.80
(iii) Vendor advance	7,557.02	7,499.99
(iv) Prepaid Expenses	278.72	361.91
(v) Advance payment of Income-tax	1,407.27	1,398.54
(vi) Export benefit	199.62	33.07
(vii) Balances with statutory authorities	50.37	178.94
(viii) VAT receivable	1,443.36	-
(ix) Interest receivable	-	1.66
(x) Other deposits	747.70	578.40
<b>Total</b>	<b>24,805.91</b>	<b>23,910.82</b>

\* Due from officers- Rs.1.58 lakhs

### XIX. OTHER CURRENT ASSETS

(a) Claims receivable	10,407.45	10,042.97
(b) Upfront fees on long term borrowings	-	28.98
(c) Foreign Currency Monetary Item Translation Difference	381.04	-
(d) Premium on forward contracts	31.23	5.49
(e) Interest accrued on investments and Loans & advances	178.23	237.67
(f) Service Tax receivable	-	25.89
(g) Advances recoverable	-	54.61
<b>Total</b>	<b>10,997.95</b>	<b>10,395.61</b>

	(Rupees in lakhs)	
	Year ended 31.03.2012	Year ended 31.03.2011
<b>XX. REVENUE FROM OPERATIONS</b>		
(a) Sale of products	879,064.05	782,264.93
(b) Sale of services	1,821.55	4,004.88
(c) Other operating revenues	16,861.32	14,060.37
	897,746.92	800,330.18
Less:Excise duty and service tax	68,030.76	62,088.69
<b>Total</b>	<b>829,716.16</b>	<b>738,241.49</b>

## Sundaram-Clayton Limited

### Consolidated notes on accounts - (continued)

	(Rupees in lakhs)	
	Year ended 31.03.2012	Year ended 31.03.2011
<b>XXI OTHER INCOME</b>		
(a) Interest income	1,295.38	447.35
(b) Dividend	88.66	72.05
(c) Net gain on sale of investments	15.87	1,015.70
(d) Profit on sale of fixed assets	203.77	598.69
(e) Other non-operating income	501.20	246.87
<b>Total</b>	<u>2,104.88</u>	<u>2,380.66</u>
<b>XXII MATERIAL COST</b>		
Cost of Materials consumed		
Opening stock of raw materials and components	24,235.10	15,454.46
Add: Purchases	495,037.40	478,021.49
	<u>519,272.50</u>	<u>493,475.95</u>
Less: Closing stock of raw materials and components	26,132.85	24,235.10
Cost of materials consumed	<u>493,139.65</u>	<u>469,240.85</u>
Purchases of traded goods	90,280.16	60,938.93
Changes in inventories of finished goods, work-in-process and stock-in-trade:		
Opening stock:		
Work-in-process	6,804.57	4,537.95
Stock-in-trade	5,044.37	1,749.27
Finished goods	25,617.21	13,152.63
<b>Total (A)</b>	<u>37,466.15</u>	<u>19,439.85</u>
Closing stock:		
Work-in-process	8,310.55	6,804.57
Stock-in-trade	4,209.43	5,044.37
Finished goods	28,294.30	25,617.21
<b>Total (B)</b>	<u>40,814.28</u>	<u>37,466.15</u>
Changes in inventories (A)-(B)	<u>(3,348.13)</u>	<u>(18,026.30)</u>
<b>XXIII EMPLOYEE BENEFITS EXPENSE</b>		
(a) Salaries and wages	46,395.03	42,246.66
(b) Contribution to provident and other funds	3,551.31	3,325.63
(c) Welfare expenses	5,943.90	5,013.60
<b>Total</b>	<u>55,890.24</u>	<u>50,585.89</u>
<b>XXIV FINANCE COSTS</b>		
(a) Interest expense	12,031.54	11,878.86
(b) Other borrowing costs	169.37	397.61
(c) Others-Exchange fluctuation	393.09	25.86
(d) Amortisation of Foreign currency monetary item translation difference	417.00	(1,702.00)
<b>Total</b>	<u>13,011.00</u>	<u>10,600.33</u>

## Sundaram-Clayton Limited

### Consolidated notes on accounts - (continued)

(Rupees in lakhs)

	Year ended 31.03.2012	Year ended 31.03.2011
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#### XXV OTHER EXPENSES

(a) Consumption of stores, spares and tools	13,577.39	11,672.54
(b) Power and fuel	13,877.81	12,862.26
(c) Rent	2,858.78	2,303.48
(d) Repairs - buildings	2,254.05	1,822.17
(e) Repairs - plant and equipment	7,247.22	6,796.96
(f) Repairs - others	171.50	383.91
(g) Insurance	481.61	497.87
(h) Rates and taxes, excluding, taxes on income	563.04	675.73
(i) Audit fees	121.21	97.51
(j) Packing and freight charges	29,711.13	25,051.60
(k) Sales related expenses	1,788.12	2,366.95
(l) Diminution in the value of investments (i.e. adjustment to the carrying amount of investments)	33.26	688.26
(m) Net loss on sale of investments and mutual funds	62.95	19.05
(n) Loss on sale of fixed assets	19.09	205.65
(o) Amortisation of foreign currency monetary item translation difference account	25.92	(67.25)
(p) Marketing and advertisement	37,564.91	39,999.52
(q) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.1 lakh, whichever is higher)	27,414.70	25,521.31
<b>Total</b>	<u>137,772.69</u>	<u>130,897.52</u>

#### XXVI ACCOUNTING STANDARDS, ADDITIONAL DISCLOSURES AND NOTES ON ACCOUNTS

##### 1 Consolidation of accounts

###### A. Basis of accounting

The financial statements relate to Sundaram-Clayton Limited (parent company), its subsidiaries and associates are prepared under the historical cost convention and comply with the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

###### B. Principles of consolidation

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.

###### C. Translation of foreign currency statements

In translating the financial statements of foreign entities for incorporation in the consolidated financial statements, the assets and liabilities are translated at the exchange rates prevailing at the date of Balance Sheet of the respective subsidiaries and income and



## Sundaram-Clayton Limited

### Accounting Standards, Additional Disclosures and Notes on Accounts - (continued)

expenditure are translated at the average of monthly closing rates of exchange for the year. The resulting exchange differences are classified as foreign currency translation reserve.

#### D. The subsidiary companies and associate companies considered in the consolidated accounts are:

Name of the body corporate	Country of incorporation	Shareholding as on	Extent of holding (%)	
			Direct	Indirect
<b>I) SUBSIDIARIES:</b>				
TVS Motor Company Ltd, Chennai	India	31-03-2012	57.40	–
Sundaram Auto Components Ltd, Chennai	India	31-03-2012	–	57.40
TVS Motor (Singapore) Pte Ltd, Singapore	Singapore	31-03-2012	–	57.40
TVS Motor Company (Europe) B.V., Amsterdam	Netherlands	31-03-2012	–	57.40
PT TVS Motor Company Indonesia, Jakarta	Indonesia	31-03-2012	–	57.40
TVS Energy Ltd., Chennai	India	31-03-2012	5.54	54.22
TVS Wind Energy Ltd., Chennai	India	31-03-2012	–	56.02
Sundaram Business Development Consulting (Shanghai) Co. Limited, China (Reporting Date : 31-12-2011)	China	31-03-2012	–	57.40
TVS Housing Ltd ,Chennai	India	31-03-2012	–	57.40
<b>II) ASSOCIATES:</b>				
Sundram Non-Conventional Energy Systems Limited, Chennai	India	31-03-2012	23.53	–
TVS Wind Power Limited, Chennai	India	31-03-2012	–	43.75
Sundaram Engineering Products Services Ltd. Chennai.	India	31-03-2012	–	29.87
Emerald Haven Realty Ltd. Chennai (formerly Known as Green Earth Homes Limited)	India	31-03-2012	–	28.00
TVS Finance & Services Ltd, Chennai	India	06-07-2011	–	33.90

#### E. Other Significant Accounting Policies

Accounting Standards 1 to 30 (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 prepared and audited in accordance with the laws of the respective countries.

	(Rupees in lakhs)	
	As at / Year ended 31.03.2012	As at / Year ended 31.03.2011
<b>2 Trade payable include</b>		
Amount due to Small Scale Industrial units	4,096.07	4,332.25
<b>3 Contingent liability not provided for</b>		
(a) On counter guarantees given to bankers	2,308.30	2,367.42
(b) On letters of credit opened with bankers	19,978.30	16,723.90
(c) On partly paid shares	0.04	0.04

## Sundaram-Clayton Limited

### Accounting Standards, Additional Disclosures and Notes on Accounts - (continued)

	(Rupees in lakhs)	
	As at / Year ended 31.03.2012	As at / Year ended 31.03.2011
(d) Estimated amount of contracts remaining to be executed on capital account	13,288.50	11,961.77
(e) On guarantees furnished on behalf of loans granted to employees	125.74	125.94
(f) On account of future export obligations (on account of import of capital goods under Export Promotion Capital Goods Scheme)	19,489.13	6,822.70
(g) On bills of exchange discounted	4,218.80	2,317.16
(h) Commitment for Capital contribution to TVS Shriram Growth Fund scheme of TVS Capital Funds.	637.50	2,142.40
(i) Obligation arising out of agreements facilitating credit to a company	2,500.00	2,500.00
(j) Others	–	750.38
<b>4 Liability contested and not provided for</b>		
a) Excise duty	6,667.63	5,605.77
b) Income tax	4,879.36	7,664.32
c) Wealth tax	14.61	14.61
d) Sales tax	291.00	661.53
e) Service tax	1,339.78	1,933.29
f) Customs	187.00	329.25
g) Electricity Tax	18.00	18.00
h) Employee settlement claims	–	6.00
i) Land acquisition matters	–	181.00
j) Others	446.42	96.92
<b>5</b> Last year's figures have been regrouped wherever necessary to conform to this year's classification.		

## Sundaram-Clayton Limited

### Accounting Standards, Additional Disclosures and Notes on Accounts - (continued)

#### 6. Segment revenues, results and other information

Information about primary business segments

(Rupees in lakhs)

Particulars	Business segments													
	Automotive components		Motor Vehicles		Computer peripherals		Financial Services		Energy business		Others		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
External sales - domestic	1,33,290.58	98,436.36	5,39,073.69	5,06,798.24	5,456.19	21,393.76	855.07	671.06	1,050.92	22.31	16.68	30.17	6,79,743.13	6,27,351.90
- exports	41,326.91	27,922.25	1,10,751.00	85,348.00	-	-	-	-	-	-	-	-	1,52,077.91	1,13,270.25
Inter segment sales	33,720.95	28,317.24	74,899.00	47,476.00	-	740.13	-	-	974.83	-	-	-	1,09,594.78	76,533.37
Total sales	2,08,338.44	1,54,675.85	7,24,723.69	6,39,622.24	5,456.19	22,133.89	855.07	671.06	2,025.75	22.31	16.68	30.17	9,41,415.82	8,17,155.52
Less: Inter segment sales	33,720.95	28,317.24	74,899.00	47,476.00	-	740.13	-	-	974.83	-	-	-	1,09,594.78	76,533.37
Net Revenue	1,74,617.49	1,26,358.61	6,49,824.69	5,92,146.24	5,456.19	21,393.76	855.07	671.06	1,050.92	22.31	16.68	30.17	8,31,821.04	7,40,622.15
Segment results before interest and tax	9,486.61	6,573.05	29,809.91	24,344.39	(267.17)	178.32	170.84	(1,142.51)	794.89	(36.22)	(3.77)	(31.62)	39,991.31	29,885.41
Add/Inter segment revenue													1.68	14.52
Less: Interest													(13,007.33)	(11,685.96)
Profit before tax													26,985.66	18,213.97
Taxes													10,369.28	(5,938.84)
Profit after tax													16,616.38	12,275.13
Segment Assets	1,08,432.90	91,701.13	249,398.00	2,38,934.00	-	12,336.13	-	10,517.21	44,497.71	15,606.24	3,003.73	11,640.53	4,05,332.34	3,80,735.24
Segment Liabilities	76,354.17	64,037.92	2,18,005.00	1,99,856.00	-	10,296.40	-	14,875.32	37,529.97	11,282.76	3,002.10	8,152.25	3,34,891.24	3,08,500.65
Total cost incurred during the year to acquire segment assets	9,605.51	10,496.00	22,021.00	13,354.00	-	242.36	-	48.86	6,467.21	13,647.97	8.12	2,033.72	38,101.84	39,822.91
Segment Depreciation	5,780.19	5,015.22	13,787.00	12,231.01	122.78	590.91	16.74	58.92	916.15	198.77	3.49	3.40	20,626.35	19,098.23
Non-cash expenses/(Income) other than depreciation	31.16	(42.46)	(27.00)	3,381.00	-	-	-	-	16.55	6.62	-	-	20.71	3,345.16

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.

## Sundaram-Clayton Limited

### Accounting Standards, Additional Disclosures and Notes on Accounts - (continued)

#### Related party disclosures

##### 7 (a) List of Related Parties:

<b>Associate companies</b>	(i)	TVS Finance & Services Ltd., Chennai. Upto 06.07.2011.
	(ii)	TVS Wind Power Ltd., Chennai.
	(iii)	Sundaram Engineering Products Services Ltd., Chennai.
	(iv)	Emerald Haven Realty Ltd., Chennai. From 26.03.2012. (formerly known as Green Earth Homes Limited)
	(v)	Sundram Non-Conventional Energy Systems Ltd., Chennai.
<b>Key Management Personnel</b>	(i)	Mr Venu Srinivasan Chairman and Managing director, Sundaram-Clayton Ltd., Chennai. Chairman and Managing director, TVS Motor Company Ltd., Chennai.
	(ii)	Dr Lakshmi Venu Director-Strategy, Sundaram-Clayton Ltd., Chennai.
	(iii)	Mr Sudarshan Venu Vice President, TVS Motor Company Ltd., Chennai.

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

##### (b) Particulars of transactions with related parties during the year 2011-12

(Rupees in lakhs)

Sl. No.	Nature of transactions	Name of the Company	Amount
1	Receiving of services	• Sundram Non-Conventional Energy Systems Ltd., Chennai	55.00 (51.45)
2	Rendering of services	• TVS Finance & Services Ltd. Chennai	0.15 (2.49)
3	Lease rent received	• Sundram Non-Conventional Energy Systems Ltd., Chennai	0.48 (0.48)
4	Receivables	• Sundram Non-Conventional Energy Systems Ltd., Chennai	- (1.07)
		• TVS Wind Power Limited, Chennai	19.01 (12.20)
5	Payables	• Sundram Non-Conventional Energy Systems Ltd., Chennai	1.82 (-)
6	Investments	• Emerald Haven Realty Ltd., Chennai (formerly known as Green Earth Homes Ltd.)	4,000.00 (-)
		• Sundaram Engineering Products Services Ltd., Chennai	2.54 (-)
7	Inter Corporate Deposits Outstanding	• TVS Wind Power Ltd., Chennai	1,218.60 (-)
8	Interest received during the year	• TVS Wind Power Ltd., Chennai	132.11 (-)

Previous years figures are furnished in brackets

VENU SRINIVASAN  
*Chairman & Managing Director*

GOPAL SRINIVASAN  
*Director*

As per our report annexed  
For SUNDARAM & SRINIVASAN  
*Chartered Accountants*  
Firm Regn. No. 004207S

Chennai  
28<sup>th</sup> August, 2012

V N VENKATANATHAN  
*Executive Vice-President (Finance)*

R RAJA PRAKASH  
*Company Secretary*

M BALASUBRAMANIAM  
*Partner*  
Membership No. F7945

## Sundaram-Clayton Limited

### 8. Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March 2012

	(Rupees in lakhs)	
	Year ended 31.03.2012	Year ended 31.03.2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	26,983.98	18,199.45
Add: Depreciation and amortisation for the year	20,626.35	18,098.23
Amortisation of Foreign Currency Monetary Item		
Translation Difference Account	442.92	(1,769.25)
Movement in reserves on account of consolidation	(588.39)	(584.11)
Loss on sale of fixed assets	19.09	205.65
Profit on sale of fixed assets	(203.77)	(598.69)
Profit on sale of investments	(15.87)	(1,015.70)
Loss on sale of investments	62.95	19.05
Other non-operating income	(501.20)	(246.87)
Diminution in value of investments	(578.84)	688.26
Exceptional (Income)/loss	(2,534.45)	62.25
Dividend income	(88.66)	(72.05)
Interest income	(1,295.38)	(447.35)
Interest expenditure	12,031.54	11,878.86
	<u>27,376.29</u>	<u>26,218.28</u>
<b>Operating profit before working capital changes</b>	<b>54,360.27</b>	<b>44,417.73</b>
Adjustments for:		
Trade Receivables	3,606.34	(8,409.71)
Inventories	(8,970.05)	(30,684.56)
Other current assets	(221.30)	(6,726.95)
Short-term loans and advances	(886.36)	124.32
Trade payables	5,512.13	19,762.82
Other current liabilities		
(excluding current maturities of long term loans)	5,888.03	17,169.12
Other non-current liabilities	(3,712.30)	193.73
Short-term provisions	(532.92)	832.79
	<u>683.57</u>	<u>(7,738.44)</u>
Cash generated from operations	55,043.84	36,679.29
Direct taxes paid	(6,831.95)	(11,040.19)
<b>Net cash from operating activities (A)</b>	<b>48,211.89</b>	<b>25,639.10</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (including capital work-in-progress)	(56,261.55)	(42,241.22)
Sale of fixed assets (net of depreciation)	4,103.49	3,617.14
Profit on sale of fixed assets	203.77	598.69
Loss on sale of fixed assets	(19.09)	(205.65)
Long-term loans and advances	3,200.75	10,978.23
Other non-current assets	44.97	28.99
Sale/(Purchase) of investments	(5,185.95)	13,830.90
Exceptional income/ (loss)	2,534.45	(62.25)
Profit on sale of investments	15.87	1,015.70
Loss on sale of investments	(62.95)	(19.05)
Movement in reserves on account of scheme	869.71	-
Interest received	1,295.38	447.35
Dividend received	88.66	72.05
<b>Net Cash from/(used in) investing activities (B)</b>	<b>(49,172.49)</b>	<b>(11,939.12)</b>

## Sundaram-Clayton Limited

### 8. Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March 2012 (continued)

		(Rupees in lakhs)	
		Year ended 31.03.2012	Year ended 31.03.2011
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Borrowings:			
Long-term loans availed/(repaid)		4,646.41	(7,073.22)
Short-term loans availed		10,996.78	10,067.95
Long-term provisions		612.33	1,061.48
Other non-operating income		501.20	246.87
Interest paid		(12,031.54)	(11,878.86)
Dividend and dividend tax paid		(3,409.58)	(3,263.45)
Share application money received		–	75.00
Government grant		17.22	–
<b>Net cash from financing activities</b>	<b>( C )</b>	<u>1,332.82</u>	<u>(10,764.23)</u>
<b>D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	<b>(A+B+C)</b>	372.22	2,935.75
Cash and cash equivalents at the beginning of the year			
Cash and Bank		12,368.51	15,818.67
Cash credit balance		(24,754.11)	(31,140.02)
		(12,385.60)	(15,321.35)
Cash and cash equivalents at the end of the year			
Cash and Bank		14,373.84	12,368.51
Cash credit balance		(26,387.22)	(24,754.11)
		(12,013.38)	(12,385.60)

Notes:

- 1 The above statement has been prepared in indirect method except in case of dividend, tax and purchase and sale of investments which have been considered on the basis of actual movement of cash
- 2 Cash and cash equivalent include cash and bank balances.

VENU SRINIVASAN  
*Chairman & Managing Director*

GOPAL SRINIVASAN  
*Director*

As per our report annexed  
For SUNDARAM & SRINIVASAN  
*Chartered Accountants*  
Firm Regn. No. 004207S

Chennai  
28<sup>th</sup> August, 2012

V N VENKATANATHAN  
*Executive Vice-President (Finance)*

R RAJA PRAKASH  
*Company Secretary*

M BALASUBRAMANIAM  
*Partner*  
Membership No. F7945

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

**DISCLOSURE OF INFORMATION RELATING TO SUBSIDIARIES AS REQUIRED BY THE CENTRAL GOVERNMENT UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956**

Particulars	Name of subsidiaries												
	TVS Motor Company Ltd.	Sundaram Auto Components Ltd.	TVS Energy Ltd.	TVS Motor Europe B.V.	TVS Motor (Singapore) Pte. Ltd.	PT TVS Motor Company Indonesia	TVS Housing Ltd.	TVS Wind Energy Ltd.	TVS Wind Power Ltd.	Sundaram Engineering Products Services Ltd.	Sundaram Business Development Consulting (Shanghai) Co. Ltd. China		
Reporting Currency	INR in Lakhs	INR in Lakhs	INR in Lakhs	US Dollar in Millions	Singapore \$ in Millions	Indonesian Rupiah in Million	INR in Lakhs	INR in Lakhs	INR in Lakhs	INR in Lakhs	RMB Y in Million	INR in Lakhs	
Year ended 31.03.2012													
(a) Capital	4,751.00	1,155.00	8,125.00	28.59	64.36	935,040.00	43,428.00	5.00	1,390.00	560.00	0.25	5.00	20.00
(b) Reserves	112,179.00	6,575.99	(1,167.17)	(0.16)	(0.41)	(816,539.44)	(43,137.00)	(0.25)	(105.36)	(27.24)	(0.02)	-	-
(c) Total assets	314,050.00	22,971.04	41,539.09	36.25	63.97	473,579.98	22,139.00	3,007.21	4,431.12	1,806.39	0.23	5.00	20.00
(d) Total liabilities	314,050.00	22,971.04	41,539.09	36.25	63.97	473,579.98	22,139.00	3,007.21	4,431.12	1,806.39	0.23	5.00	20.00
(e) Details of investment (*)	31,880.00	15.56	-	-	-	-	-	-	-	-	-	-	-
(f) Turnover including other income	714,791.00	106,688.03	1,663.60	1.26	-	196,953.94	10,778.00	13.83	453.26	191.35	-	-	-
(g) Profit before taxation	31,646.00	792.07	(686.99)	0.50	-	(151,884.26)	(8,772.00)	0.77	(136.91)	(33.62)	(0.02)	(0.19)	(1.00)
(h) Provision for taxation	6,739.00	278.86	47.17	(0.03)	-	43,446.73	2,464.00	0.11	(40.06)	(10.91)	-	-	-
(i) Profit after taxation	24,907.00	513.21	(734.16)	0.53	242.00	(195,330.99)	(11,236.00)	0.66	(96.85)	(22.71)	(0.02)	(0.19)	(1.00)
(j) Proposed dividend	-	173.25	-	-	-	-	-	-	-	-	-	-	-

(\*) except in case of investment in subsidiaries

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

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

Particulars	For assets and liabilities at Closing exchange Rate	For Profit & Loss items at Daily Average Rate
US Dollar to INR	Rs. 50.88 / US \$	Rs. 48.13 / US \$
Indonesian Rupiah to INR	Re. 0.005672 / IDR	Re. 0.005472 / IDR
Singapore \$ to INR	Rs. 40.48 / Singapore \$	Rs. 38.35/ Singapore \$

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



# Sundaram-Clayton Limited

Regd. Office : "Jayalakshmi Estates"  
No. 29 (Old 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'  
New No. 168 (Old No. 306),  
TTK Road,  
Chennai 600 014

Day : Thursday

Date : 29<sup>th</sup> November 2012

Time : 10.00 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 members and / or their 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.

Tear here

# Sundaram-Clayton Limited

Regd. Office : "Jayalakshmi Estates"  
No. 29 (Old 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 / her \_\_\_\_\_ 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 Thursday, the 29<sup>th</sup> November 2012 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

*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.