

*Sundaram-Clayton Limited*

*52nd Annual Report 2014*

## 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**

### Stakeholders' Relationship Committee

**S SANTHANAKRISHNAN**  
*Chairman*  
**R VIJAYARAGHAVAN**  
**DR LAKSHMI VENU**

### Nomination and Remuneration Committee

**VICE ADMIRAL P J JACOB (Retd.)**  
*Chairman*  
**R VIJAYARAGHAVAN**  
**V SUBRAMANIAN**

### Corporate Social Responsibility Committee

**venu srinivasan**  
*Chairman*  
**DR LAKSHMI VENU**  
**VICE ADMIRAL P J JACOB (Retd.)**

### Executive Director

**H LAKSHMANAN**

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

**C N PRASAD**

### President - Die Casting Division

**M MUTHURAJ**

### Executive Vice President - Finance

**V N VENKATANATHAN**

### Company Secretary

**R RAJA PRAKASH**

### Statutory Auditors

**M/s. SUNDARAM & SRINIVASAN**  
 Chartered Accountants,  
 New No. 4 (Old No. 23), C.P. Ramaswamy Road,  
 Alwarpet, Chennai - 600 018.  
 Tel. : 044-2498 8762  
 E-mail : yessendes@vsnl.net

### Cost Auditor

**A N RAMAN**  
 Cost Accountant,  
 No.10, P. Muthukumaraswami Salai,  
 Off. Baby Nagar 1<sup>st</sup> Main Road, Velachery,  
 Chennai - 600 042.  
 Tel. : 044-3290 6831  
 E-mail : anraman@gmail.com

### Shares listed with

BSE Limited, Mumbai  
 National Stock Exchange of India Limited, Mumbai  
 Madras Stock Exchange Limited, Chennai

### Share Transfer Department

"Jayalakshmi Estates", 1<sup>st</sup> Floor,  
 No.29 (Old No.8), Haddows Road,  
 Chennai - 600 006  
 Tamil Nadu, India.  
 Tel. : 044 - 2828 4959; 2827 2233  
 Fax : 044 - 2825 7121  
 E-mail : [kr.raman@scl.co.in](mailto:kr.raman@scl.co.in)  
[investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@scl.co.in)

### 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.

### Registered Office

"Jayalakshmi Estates"  
 No. 29 (Old No. 8) Haddows Road  
 Chennai - 600 006, Tamil Nadu, India.  
 Tel. : 044 - 2827 2233  
 Fax : 044 - 2825 7121  
 CIN : L35999TN1962PLC004792  
 E-mail : corpsec@scl.co.in  
 Website: [www.sundaram-clayton.com](http://www.sundaram-clayton.com)

### Plants

#### Padi

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

#### Mahindra World City

Plot No. AA5, VI Avenue  
 Auto Ancilliary SEZ  
 Kancheepuram - 603 002, Tamil Nadu, India.  
 Tel. : 044 - 2746 0500  
 Fax : 044 - 2746 0520

#### Oragadam

Plot No.B-14, SIPCOT  
 Industrial Growth Centre,  
 Sriperumbudur Taluk,  
 Kancheepuram District - 602 105  
 Tamil Nadu, India.  
 Tel. : 044 - 6710 3300

#### Hosur

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

### Subsidiary Companies

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

### CONTENTS

### Page No.

Financial Highlights	2
Notice to the shareholders	3
Directors' Report to the shareholders	15
Report on Corporate Governance	23
Independent Auditors' Report to the shareholders	35
Balance Sheet	38
Statement of Profit and Loss	39
Notes on accounts	40
Accounting Standards and additional disclosures	49
Cash Flow Statement	65
Statement under Section 212 of the Companies Act, 1956	67
Independent Auditors' Report on Consolidated Financial Statements	69
Consolidated Financial Statements	70
Financial information of subsidiaries as per Section 212(8) of the Companies Act, 1956	90

## Sundaram-Clayton Limited

### FINANCIAL HIGHLIGHTS INCLUDING SELECTED INDICATORS AND RATIOS

(Rupees in crores)

Year ended	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Sales	536.3	629.3	816.2	426.9	492.4	492.7	805.7	1017.0	1018.6	1196.8
Other income	32.5	45.3	48.6	34.5	36.3	46.3	22.2	34.2	38.1	35.8
Total	568.8	674.6	864.8	461.4	528.7	539.0	827.9	1051.2	1056.7	1232.6
Exceptional Income	-	-	-	-	-	-	-	25.3	-	5.8
Total Income	568.8	674.6	864.8	461.4	528.7	539.0	827.9	1076.5	1056.7	1238.4
Gross profit before interest, depn & tax	101.6	141.1	176.1	73.9	60.1	71.8	107.8	166.7	127.9	149.7
Depreciation	21.4	26.9	32.8	27.7	31.0	37.6	40.8	47.3	51.3	53.2
Profit before interest & tax	80.2	113.2	143.3	46.2	29.1	34.2	67.0	119.4	76.6	96.5
Interest	3.8	7.9	15.2	10.8	22.1	20.5	21.7	38.4	44.3	35.7
Profit before taxation	76.3	105.3	128.1	35.4	7.0	13.7	45.3	81.0	32.3	60.8
Profit after taxation	53.4	74.9	91.6	23.9	6.3	12.4	37.3	72.3	35.4 <sup>(a)</sup>	53.7
Net Fixed assets	275.1	302.5	326.4	240.2	304.3	307.4	366.1	395.0	408.8	405.9
Net current assets	30.4	77.0	170.6	213.7	219.0	172.6	212.6	230.0	248.6	256.0
Share capital	18.9	18.9	18.9	9.5 <sup>(b)</sup>	9.5	18.9 <sup>(c)</sup>	18.9	9.5 <sup>(d)</sup>	9.5	10.1 <sup>(e)</sup>
Reserves & surplus	221.1	270.5	325.2	226.6	221.9	225.4	241.3	273.0	282.6	333.5
Net worth	240.0	289.4	344.1	236.1	231.4	244.3	260.2	282.5	292.1	343.6
Loan funds	109.2	146.1	215.8	267.4	339.3	288.7	359.5	389.7	414.3	362.2
Deferred taxation (net)	13.4	15.4	19.4	19.8	19.9	20.3	21.7	20.0	16.9	18.5
EPS (Rs)	28.08	39.26	48.06	12.61	3.34	3.26	9.82	30.13	18.67	27.00
DPS (Rs)	9.00	12.00	17.00	8.75	2.00	1.75	5.75	11.50	14.00	19.25
Book value per share (Rs)	126.53	152.57	181.41	127.48	122.00	64.41	68.60	148.93	153.98	169.84
Return on capital employed (ROCE) %	25.7	28.1	27.8	8.4	5.2	6.0	11.2	17.9	10.8	13.3
Return on net worth (RONW) %	23.9	28.3	28.9	8.2	2.7	5.2	14.8	26.6	12.3	16.9
Fixed assets turnover (no of times)	2.3	2.2	2.6	1.5	1.8	1.6	2.4	2.7	2.5	2.9
Working capital turnover (no of times)	20.0	11.7	6.6	2.2	2.3	2.5	4.2	4.6	4.3	4.7
Gross profit as % of sales (EBITDA)	18.9	22.4	21.6	17.3	12.2	14.6	13.4	13.9 <sup>(#)</sup>	12.6	12.0 <sup>(#)</sup>
Gross profit as % of total income	17.9	20.9	20.4	16.0	11.4	13.3	13.0	13.4 <sup>(#)</sup>	12.1	11.7 <sup>(#)</sup>
Net profit as % of total income	9.4	11.1	10.6	5.2	1.2	2.3	4.5	4.5 <sup>(#)</sup>	3.4	3.9 <sup>(#)</sup>

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

RONW is profit after tax divided by average networth.

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

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

(a) Profit after tax is after considering deferred tax asset of Rs.3.1 crores.

(b) 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.

(c) Bonus issue of 1:1 in 2009.

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

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

(#) Profitability ratios of 2011-12 and 2013-14 are calculated without considering the exceptional income.

#### Notes:

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

### Notice to the Shareholders

NOTICE is hereby given that the fifty second annual general meeting of the Company will be held at 'The Music Academy', New No. 168 (Old No. 306) TTK Road, Royapettah, Chennai - 600 014 on Thursday, the 21<sup>st</sup> August 2014, at 10.15 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 2014, the statement of profit and loss and cash flow statement including consolidated financial statements for the year ended on that date, together with the directors' report and the auditors' report thereon as presented to the meeting, be and 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 (holding DIN 0002010), 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 Sudarshan Venu (holding DIN 03601690), 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 M/s.Sundaram & Srinivasan, Chartered Accountants, Chennai, having Firm Registration No. 004207S, allotted by The Institute of Chartered Accountants of India, be and are hereby appointed as statutory auditors of the Company to hold office, for the transitional period of three consecutive years from the conclusion of this annual general meeting, subject to ratification at every annual general meeting, on such remuneration, as may be fixed in this behalf by the board of directors of the Company."

#### SPECIAL BUSINESS

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

"RESOLVED THAT the remuneration of Rs.3,00,000/- (Rupees three lakhs only), in addition to reimbursement of travel and out-of-pocket expenses, payable to Mr A N Raman, practising cost accountant, holding Membership No. 5359, allotted by The Institute of Cost Accountants of India, who was appointed as cost auditor of the Company for the year 2014-15 as recommended by the audit committee and approved by the board of directors of the Company, in terms of Section 148 of the Companies Act, 2013 read with the

Companies (Audit and Auditors) Rules 2014, be and is hereby ratified."

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

"RESOLVED THAT subject to the provisions of Sections 196,197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (the Act 2013), the re-appointment of Mr Venu Srinivasan (holding DIN 00051523) as managing director for a further period of five years from 23<sup>rd</sup> May 2014 and the remuneration payable to Mr Venu Srinivasan, upon such re-appointment, as set out in the Agreement dated 12<sup>th</sup> February 2014 entered into between the Company and Mr Venu Srinivasan, notwithstanding his holding the office of chairman and managing director in the subsidiary of the Company, i.e., TVS Motor Company Limited, drawing remuneration therefrom, be and are hereby approved".

"RESOLVED FURTHER THAT the board of directors of the Company be and is hereby authorised to alter and vary the scope and quantum of remuneration specified hereinabove, in the light of and in conformity with any amendments to the relevant provisions of the Companies Act, 2013 / Income-tax Act, 1961 and / or the rules and regulations made thereunder and / or such guidelines, as may be notified by the Central Government, from time to time".

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

"RESOLVED THAT, subject to the provisions of Sections 197 and 203, read with Schedule V of the Companies Act, 2013 (the Act 2013), and other applicable provisions, if any of the Act 2013 or any statutory modification(s) or re-enactment thereof and in partial modification of the resolutions passed by the shareholders at the annual general meeting, the revision in remuneration effective 1<sup>st</sup> September 2013, payable to Dr Lakshmi Venu, Director-Strategy in the rank of managing director, consequent upon entrusting with additional duties and responsibilities for exploring business opportunities and expansion, both on the domestic and international fronts on such terms and conditions, as set out in the explanatory statement annexed hereto, during the remaining period of her term of office upto 21<sup>st</sup> March 2015, be and is hereby approved and that the remuneration payable to her be computed in accordance with the provisions of Section 198 of the Act 2013".

"RESOLVED FURTHER THAT the Supplemental Agreements dated 29<sup>th</sup> October 2013 and 14<sup>th</sup> May 2014 entered into between the Company and Dr Lakshmi Venu with respect to the above variations in the terms of the appointment and remuneration, be and is hereby approved".

"RESOLVED FURTHER THAT all other terms and conditions of appointment and payment of remuneration to Dr Lakshmi Venu, as approved by way of an ordinary resolution by the shareholders in the annual general meeting of the Company held on 22<sup>nd</sup> September 2010, shall remain unchanged".

## Sundaram-Clayton Limited

8. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:
- "RESOLVED THAT, subject to the provisions of Sections 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013 (the Act 2013) and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act 2013, Vice Admiral P J Jacob (Retd.) (holding DIN 00173785), be and is hereby appointed as a non-executive and independent director of the Company, to hold office for a term of five consecutive years from the conclusion of this Annual General Meeting and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of applicable provisions of the Act 2013 as determined by the board from time to time."
9. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:
- "RESOLVED THAT, subject to the provisions of Sections 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013 (the Act 2013) and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act 2013, Mr V Subramanian (holding DIN 00357727), be and is hereby appointed as a non-executive and independent director of the Company, to hold office for a term of five consecutive years from the conclusion of this Annual General Meeting and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of applicable provisions of the Act 2013 as determined by the board from time to time."
10. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:
- "RESOLVED THAT, subject to the provisions of Sections 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013 (the Act 2013) and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act 2013, Mr S Santhanakrishnan (holding DIN 00005069), be and is hereby appointed as a non-executive and independent director of the Company, to hold office for a term of five consecutive years from the conclusion of this Annual General Meeting and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of applicable provisions of the Act 2013 as determined by the board from time to time."
11. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:
- "RESOLVED THAT, subject to the provisions of Sections 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013 (the Act 2013) and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act 2013, Mr Suresh Kumar Sharma (holding DIN 00599139), be and is hereby appointed as a non-executive and independent director of the Company, to hold office for a term of five consecutive years from the conclusion of this Annual General Meeting and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of applicable provisions of the Act 2013 as determined by the board from time to time."
12. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:
- "RESOLVED THAT, subject to the provisions of Sections 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013 (the Act 2013) and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act 2013, Mr R Vijayaraghavan (holding DIN 00026763), be and is hereby appointed as a non-executive and independent director of the Company, to hold office for a term of five consecutive years from the conclusion of this Annual General Meeting and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of applicable provisions of the Act 2013 as determined by the board from time to time."
13. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:
- "RESOLVED THAT, subject to the provisions of Sections 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013 (the Act 2013) and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act 2013, Mr Kamlesh Gandhi (holding DIN 00004969), be and is hereby appointed as a non-executive and independent director of the Company, to hold office for a term of five consecutive years from the conclusion of this Annual General Meeting and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of applicable provisions of the Act 2013 as determined by the board from time to time."

By order of the board

Chennai  
14<sup>th</sup> May 2014

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**

## Sundaram-Clayton Limited

**be deposited at the registered office of the Company, not later than 48 hours before the time fixed for holding the meeting. A person shall not act as a Proxy for more than 50 members and holding in aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a Proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a Proxy for any other person.**

- 2) The explanatory statement, pursuant to Section 102 of the Companies Act, 2013, in respect of the special businesses, as set out in the Notice is annexed hereto.
- 3) The register of members and the share transfer register will remain closed for a period of four days viz., from 18<sup>th</sup> August 2014 to 21<sup>st</sup> August 2014 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 dividend declared by the Company, for earlier years, which remain unclaimed for a period of seven years will be transferred on due dates to the Investor Education and Protection Fund (IEPF), established by the Central Government. The particulars of due dates for transfer of such unclaimed dividends to IEPF are furnished in the Report on Corporate Governance, forming part of the Annual Report.  
  
Members who have not encashed their dividend warrants in respect of the above period 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 will provide / host the required details of unclaimed amounts referred to under Section 205C (2) of the Companies Act, 1956 on its website and also in the website of the Ministry of Corporate Affairs (MCA) in the relevant form every year.
- 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) Electronic copy of the Annual Report and the Notice of the Annual General Meeting of the Company *inter alia* indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes, unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the above documents are being sent in the permitted mode.
- 7) Members are requested to notify any change in their addresses to the Company immediately. Members holding shares in electronic form are requested to advise change of addresses to their Depository Participants.
- 8) 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.

- 9) Members are requested to affix their signatures at the space provided on the Attendance Slip annexed to Proxy Form and handover the Slip at the entrance of the meeting hall. Corporate members are requested to send a duly certified copy of the board resolution / power of attorney authorizing their representatives to attend and vote at the Annual General Meeting.
  - 10) Members may also note that the Notice of the fifty second Annual General Meeting (Notice of AGM) and the Annual Report will also be available on the Company's website [www.sundaram-clayton.com](http://www.sundaram-clayton.com) for their download. Even after registering for e-communication, members are entitled to receive such communication in physical form by post free of cost, upon making a request for the same. For any communication, the members may also send their requests to [investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@scl.co.in).
- The Register of Directors and Key Managerial Personnel and their shareholding maintained in terms of Section 170 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
- 11) Voting through electronic means:
    - (a) The Company is pleased to provide members a facility to exercise their right to vote on the resolutions as set out in the Notice of AGM by 'electronic means' and all the businesses may be transacted through e-Voting services provided by National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL), in compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014.
    - (b) Voting rights are reckoned on the basis of the shares registered in the names of the members / beneficial owners as on the record date fixed for this purpose, viz., 14<sup>th</sup> July 2014.
    - (c) Mr K Sriram, partner M/s. S. Krishnamurthy & Co., Company Secretaries, Chennai has been appointed as scrutinizer for conducting the e-Voting process in a fair and transparent manner.
    - (d) Members are requested to read the instructions given below.

(A) The instructions for e-Voting are as under:

In case of members' receiving e-mail from NSDL [for members whose email IDs are registered with the Company / Depository Participants(s)]:

- (i) Open e-mail and then open PDF file viz., "Sundaram - Clayton Limited -52<sup>nd</sup> AGM e-Voting.pdf" with their Client ID or Folio No. as password. The said PDF file contains the User ID and password for e-Voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL in the address bar: [www.eVoting.nsdl.com](http://www.eVoting.nsdl.com)
- (iii) Click on shareholder - Login
- (iv) Enter User ID and password as initial password noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password with new password with minimum 8 digits / characters or combination thereof. Note the new password. It is strongly recommended not to share the password with any other person and take utmost care to keep the password confidential.

## Sundaram-Clayton Limited

- (vi) Home page of e-Voting opens. Go to "eVoting" icon and select "Active Evoting Cycles".
- (vii) Select "EVEN" of Sundaram - Clayton Limited.
- (viii) Now members are ready for e-Voting as Cast Vote page opens.
- (ix) Cast the vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once the member has voted on the resolution, such member will not be allowed to modify their vote, subsequently.
- (xii) Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant board resolution / authority letter etc. together with attested specimen signature of the duly authorized signatory(ies), who are authorized to vote, to the Scrutinizer through e-mail to [sriram.krishnamurthy@rediffmail.com](mailto:sriram.krishnamurthy@rediffmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) and [kr.raman@scl.co.in](mailto:kr.raman@scl.co.in).

(B) In case of members receiving physical copy of the Notice of AGM:

- (i) Initial password is provided as below / at the bottom of the Attendance Slip for the AGM:

EVEN (e-Voting Event Number)	USER ID	PASSWORD / PIN

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) of item No. 11(d)(A) above to cast vote.

- (e) In case of any queries, members may refer to the Frequently Asked Questions (FAQs) for Members and e-Voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the Telephone No. 022-24994600.
- (f) If members are already registered with NSDL for e-Voting, then they can use their existing user ID and password for casting the vote.
- (g) Members can also update their mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- (h) The e-Voting period commences on 12<sup>th</sup> August 2014 (9:00 a.m.) and ends on 14<sup>th</sup> August 2014 (6:00 p.m.). During this period, members holding shares either in physical form or in dematerialized form, as on 14<sup>th</sup> July 2014, may cast their votes electronically. The e-Voting module will be disabled by NSDL for voting thereafter.

Once the vote on a resolution is cast by a member, such member will not be allowed to change it subsequently.

- (i) The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-Voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report

of the votes cast "in favour" or "against", if any, forthwith to the Chairman of the Company.

- (j) The Results declared along with the Scrutinizer's Report will be placed on the Company's website [www.sundaram-clayton.com](http://www.sundaram-clayton.com) and on the website of NSDL within two days of passing of the resolutions at the AGM and communicated to the Stock Exchanges.
- 12) In terms of Clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief profile of directors, who are proposed to be re-appointed / appointed in this AGM, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholding and relationship with other directors of 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 Act 2013. He is a member of the audit committee and administrative 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	Chairman & 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.	TVS Automotive Systems Limited	Director	-
8.	Sundaram Investment Limited	Director	-
9.	TVS Credit Services Limited	Director	-
10.	India Japan Lighting Private Limited	Chairman	-
11.	Punarvasu Swasthi Private Limited	Director	-
12.	Hastham Swasthi Private Limited	Director	-
13.	Harita Electronics Private Limited	Director	-

## Sundaram-Clayton Limited

### II. Mr Sudarshan Venu

Born on 1<sup>st</sup> February 1989, Mr Sudarshan Venu completed his graduation in 2010 with Honors at the Jerome Fisher Program in Management and Technology at the University of Pennsylvania. He also obtained B.S. in Mechanical Engineering from the School of Engineering and B.S. in Economics from the Wharton School. He completed his M.Sc in International Technology Management from the Warwick Manufacturing Group attached to University of Warwick in U.K.

In this period, during his visits to India, he underwent practical training in the Company and TVS Motor Company Limited.

He does not hold any share in the Company and is related to Mr Venu Srinivasan, Chairman and Managing Director and Dr Lakshmi Venu, Director - Strategy of the Company.

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

S. No.	Name of the Company	Nature of Interest	Committee memberships/ chairmanships
1.	TVS Motor Company Limited	Whole-time director	Stakeholders Relationship Committee - Member
2.	TVS Credit Services Limited	Director	ALCO - Member Corporate Social Responsibility Committee - Member

### III. Mr Venu Srinivasan

Born on 11<sup>th</sup> December 1952, Mr Venu Srinivasan is a Bachelor of Engineering from Madras University and holds M.S degree in Management from Purdue University, U.S.A. He is also the Chairman and Managing Director of TVS Motor Company Limited. Mr Venu Srinivasan has been associated with CII for nearly 18 years in various capacities. He was the President of CII during the financial year 2009-2010. He also holds directorships in many other companies.

Mr Venu Srinivasan has been conferred in January 2010 'Padma Shri', a prestigious adoration by the Government of India in appreciation of his significant contribution for the promotion of trade and industry. He also received the distinguished civilian honour "Order of Diplomatic Service Merit" from the President of the Republic of Korea in the year 2010 in recognition of his valuable contribution in promoting Korea- India bilateral relations.

He was also conferred the honorary doctorate degree in science by the University of Warwick, UK in the year 2004 for his excellence in manufacturing and contribution in the field of technology and research and development. He is the first Indian industrialist to be honoured by the Warwick University. He has been conferred with the highest honour, Doctor of Science (Honoris Causa) for his outstanding contribution to the field of Quality Movement and Manufacturing Excellence in India by IIT Kharagpur in the year 2009.

Mr Venu Srinivasan has been appointed as Vice Chairman of State Manufacturing Competitiveness Council by the Government of Tamil Nadu. He has also been appointed as Chairman of the re-constituted

board of governors of National Institute of Fashion Technology by the President of India. He is an Honorary Consul General of Republic of Korea in Chennai.

He is a member of:

1. Prime Minister's Council on Trade and Industry;
2. Prime Minister's National Integration Council; and
3. Prime Minister's Scientific Advisory Council

He was the past President of Automotive Research Association of India, Pune, Society of Indian Automobile Manufacturers and Association of Indian Automobile Manufacturers, Delhi.

Mr Venu Srinivasan has been the managing director of the Company from 1979. Since February 2012, he has been the chairman and managing director of the Company.

He is also serving as the chairman and managing director of TVS Motor Company Limited.

Mr Venu Srinivasan was re-appointed as chairman and managing director of the Company, effective 23<sup>rd</sup> May 2014 by the board at its meeting held on 12<sup>th</sup> February 2014 on such terms and conditions to be approved by the shareholders at this annual general meeting of the Company.

He is the chairman of the Corporate Social Responsibility Committee of the Company.

He does not hold any share in the Company and is related to Mr Gopal Srinivasan, director, Dr Lakshmi Venu, director - strategy and Mr Sudarshan Venu, 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.	TVS Motor Company Limited	Chairman and Managing Director	Stakeholders Relationship Committee - Member Corporate Social Responsibility Committee - Chairman
2.	Harita-NTI Limited	Chairman	Audit Committee - Chairman
3.	TVS Credit Services Limited	Chairman	Corporate Social Responsibility Committee - Chairman
4.	Lucas-TVS Limited	Director	-
5.	T V Sundram Iyengar & Sons Limited	Director	Audit Committee - Member
6.	Southern Roadways Limited	Director	-
7.	Sundram Fasteners Limited	Director	-
8.	Cummins India Limited	Director	Audit Committee - Member Compensation and Management Development Committee - Chairman Operations Committee - Member

## Sundaram-Clayton Limited

S. No.	Name of the Company	Position held	Committee memberships/ chairmanships
9.	Sundram Non-Conventional Energy Systems Limited	Director	–
10.	Sundaram Investment Limited	Director	–
11.	TATA Coffee Limited	Director	–
12.	Oriental Hotels Limited	Director	–
13.	TVS Lanka Private Limited	Director	–
14.	TVS Motor (Singapore) Pte Limited	Director	–
15.	Aga Khan Rural Support Programme (India)	Director	–

#### IV. Vice Admiral P J Jacob (Retd.)

Born on 23<sup>rd</sup> February 1941, Vice Admiral P J Jacob retired in 2001 as the Vice Chief of the Naval Staff. An alumnus of the National Defence Academy, Defence Services Staff College and the National Defence College, he has held a variety of key operational and training assignments in a career spanning forty years. He has commanded the Eastern Fleet and was the Director General of the Indian Coast Guard and the Chief of Personnel of the Navy before taking over as Vice Chief of the Naval Staff. As the Vice Chief, he was active in strategic planning and charting the future development of the Indian Navy. He has overseen numerous training initiatives and has led several Ministry of Defence / Navy delegations to negotiate intergovernmental agreements on strategic issues with various countries. He has also held a diplomatic assignment as the naval attaché in Tehran during a very turbulent period in that country's history.

Since leaving the Navy, he has taken up an assignment as a Director in Dua Consulting, a leading Delhi based firm, consulting in a number of areas such as infrastructure development, maritime, aviation and telecom.

Vice Admiral P J Jacob (Retd.) is vastly experienced in the field of maritime security. He was appointed by the Sri Lankan Government as its advisor on maritime security. His experience in this field has also been tapped at various fora like the Asia Centre and the National Institute of Advanced studies, Bangalore. He was also invited by Japanese Ministry of Foreign Affairs to interact with Japanese think tanks on the future of Indo Japanese maritime co-operation.

He was also involved in a second tract initiative in conjunction with CII to attract greater Taiwanese investment in India, particularly in IT and small and medium scale manufacturing.

Vice Admiral Jacob has served as a member of the National Security Advisory Board to the Prime Minister of India. He is currently Chairman of the Global India Foundation, an organization aiding decision makers in strategizing policy initiatives.

He is the Chairman of Audit Committee and Nomination and Remuneration Committee and also a member of Corporate Social Responsibility Committee of the Company.

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

He holds the position as director in Dua Consulting Private Limited. He does not hold any position as a director or member of any committee of directors of any other company.

#### V. 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 as 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 was also the Business Development Adviser to the Council for Industrial and Scientific Research at New Delhi in 2008-09. 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, 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 mentor of new start - up companies with innovative technologies that are short listed by the Indian Institute of Management, Ahmedabad. As a member of the Task Force formed by the Government of India, he reviews the working of PSUs in the Steel and Mines sector on an annual basis.

He is a member of the Audit Committee and Nomination and Remuneration Committee 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

## Sundaram-Clayton Limited

S. No.	Name of the Company	Position held	Committee memberships/ chairmanships
2.	PTC Energy Limited	Director	Audit Committee - Member
3.	Rural Electrification Corporation Limited	Director	–
4.	WindForce Management Services Private Limited	Director	–
5.	Lanco Solar Energy Private Limited	Director	Audit Committee - Chairman
6.	Gravitational Network Advisors Private Limited	Director	–
7.	Enfragy Solutions India Private Limited	Director	–
8.	GPS Renewable Private Limited	Director	–
9.	Bhoruka Power Corporation Limited	Director	–

### VI. Mr S Santhanakrishnan

Born on 8<sup>th</sup> November 1944, Mr S Santhanakrishnan is Post graduate in M.Sc (Madras University), CAIB, D.S.M (Bombay University), Dip. in Training and Development (ISTD).

Joined State Bank of India (SBI) as a Probationary Officer, he rose to the position of Dy. Managing Director after 36 years of experience. In SBI, he was mostly in the arena of credit marketing and administration, particularly in SME and large corporates. As an All India Head of Credit (Corporate Accounts Group), he had the privilege of dealing with all the top 200 companies of India for more than 3 years. He was also deputed to SBI Capital Markets Limited as General Manager and headed the Chennai Office of this outfit for 3 years.

After retirement from SBI, he was selected to head the then fledgling Credit Information Bureau of India Limited (CIBIL), a Company that was promoted, thanks to the Reserve Bank of India's initiative and by all commercial banks (including all foreign banks and leading private banks) and Sundaram Finance Limited. During his three year tenure as its Executive Chairman, he had the privilege of participating in the evolution of the company as an important credit reference agency and shaped it to be commercially very successful. He is still associated with this agency as an Advisor.

He is a member of the Audit Committee and Chairman of Stakeholders' Relationship Committee 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 membership / chairmanship of committees are given below:

S. No.	Name of the Company	Position held	Committee memberships/ chairmanships
1.	Easy Access Financial Services Limited	Director	Nomination Committee - Member
2.	ICICI Home Finance Company Limited	Director	Audit Committee - Member
3.	Reliance Capital Trustee Company Limited	Director	Audit Committee - Member

S. No.	Name of the Company	Position held	Committee memberships/ chairmanships
4.	TVS Credit Services Limited	Director	Audit Committee - Member Allotment Committee - Member ALCO - Member
5.	Axiom Cordages Limited	Director	Audit Committee - Member Corporate Social Responsibility Committee - Member
6.	Essar Steel (India) Limited	Nominee Director	–

### VII. Mr Suresh Kumar Sharma

Born on 31<sup>st</sup> December 1965, Mr Suresh Kumar Sharma is the proprietor of Sharma Transports, which is engaged in transport business for over five decades.

The firm is a leading organization engaged in private service of vehicles for transportation of passengers and luggage to various segments. They offer transport solutions to link the distance in medium sized corporations.

The firm brings strong heritage and special focus with proven expertise of five decades of professional and comprehensive management towards total transport solutions. In the transport industry they are pioneers having introduced state-of-the-art technology in provision of vehicles and hi-tech integral coaches.

They also have well established and fully furnished coach building stations. They operate in all southern States of India covering more than 30 destinations. They have the privilege of serving as coach contractors for Toyota-Kirloskar Motor Company Limited and Volvo Company Limited.

Mr Sharma brings with him expertise of over two decades in the transport industry and real estate development.

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

He holds the position as director in Sharma Transports India Private Limited. He does not hold any position as a member of any committee of directors of any other company.

### VIII. 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

## Sundaram-Clayton Limited

requirements in the form of taxation consultancy, opinion, arbitration and conciliation, documentation approvals and litigation.

He is a member of the Nomination and Remuneration Committee and Stakeholders Relationship Committee 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	Nature of Interest	Committee memberships/ chairmanships
1.	Sanco Trans Limited	Director	Audit Committee - Chairman
2.	Bimetal Bearings Limited	Director	Audit Committee - Member Remuneration Committee - Member
3.	T.Stanes & Company Limited	Director	–
4.	Lucas-TVS Limited	Director	Audit Committee - Chairman
5.	Redington (India) Investments Limited	Director	–
6.	India Nippon Electricals Limited	Director	Audit Committee - Member
7.	Thiru Aroran Sugars Limited	Director	Audit Committee - Chairman
8.	Currents Technology Retail (India) Limited	Director	–

### IX. 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 41 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 including Dr Reddy's Group and Raasi Group. He is involved in advising several NRI investors including many high net worth NRIs.

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	Nature of Interest	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	Remuneration Committee - Member Audit Committee - Member

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following explanatory statement sets out all material facts relating to the special business mentioned in the accompanying Notice of AGM dated 14<sup>th</sup> May 2014 and shall be taken as forming part of the notice.

### Item No. 5

The board, at its meeting held on 14<sup>th</sup> May 2014, appointed Mr A N Raman, practising cost accountant, holding membership no. 5359, allotted by The Institute of Cost Accountants of India, as cost auditor of the Company, in terms of Section 148 of the Companies Act, 2013 (the Act 2013) and fixed a sum of Rs.3 Lakhs as remuneration payable to him, for the financial year 2014-15.

The remuneration, as recommended by the audit committee and approved by the board, is therefore required to be ratified by the shareholders of the Company, as per the requirements of the Companies (Audit and Auditors) Rules 2014, read with Section 148(3) of the Act 2013.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in item no. 5.

Accordingly, the board recommends the ordinary resolution, as set out in item no.5, for ratification by the shareholders of the Company.

### Item No. 6

The present term of office of Mr Venu Srinivasan as managing director of the Company expires on 22<sup>nd</sup> May 2014. In terms of Article 138 of the articles of association of the Company, Mr Venu Srinivasan was re-appointed by the board of directors as managing director for a further period of five years from 23<sup>rd</sup> May 2014 in their meeting held on 12<sup>th</sup> February 2014. The last re-appointment and the remuneration payable to Mr Venu Srinivasan were approved by the shareholders at the AGM held on 29<sup>th</sup> September 2009.

The Company entered into necessary agreement and the same was executed by the Company with Mr Venu Srinivasan giving effect to the above said proposal subject to approval of the shareholders. Details of the remuneration payable in terms of the agreement dated 12<sup>th</sup> February 2014 entered into between the Company and Mr Venu Srinivasan are as under:

(i) Salary : Rs.1,50,000/- per month.

## Sundaram-Clayton Limited

### (ii) Perquisites :

#### I. Housing

Housing I : The Company will provide furnished accommodation free of rent.

Housing II : In case accommodation is not provided by the Company, the following be provided for the managing director as accommodation :

- a) the expenditure on hiring furnished accommodation for him will be subject to a ceiling of sixty per cent of the salary ; or
- b) He will be entitled to house rent allowance subject to a ceiling of sixty per cent of the salary.

Explanation: The expenditure incurred by the Company on accommodation, will include expenditure on gas, electricity, water and furnishings, all to be valued as per the Income-tax Rules, 1962 or any re-enactment thereof.

#### II. Medical Reimbursement

Reimbursement of medical expenses including hospitalization for self and family including premium paid on health for medical insurance.

#### III. Leave Travel Concession

Leave travel concession for four weeks in a year for two trips abroad in a year.

#### IV. Club Fees

Fees of clubs subject to a maximum of two clubs. This will not include admission for life membership fees.

#### V. Personal accident insurance

Personal accident insurance for an amount, the annual premium of which does not exceed Rs.5,00,000/-.

#### VI. Company's contribution to provident fund which will not exceed 12% of the salary or such other higher rate as may be notified by the Central Government, from time to time.

#### VII. Gratuity as per rules of the Company, not exceeding half a month's salary for each completed year of service.

#### VIII. Earned leave

On full pay and allowances as per rules of the Company, but not exceeding one month's leave for every eleven months of service. Leave accumulated shall be encashable at the end of the tenure.

#### IX. Car

The managing director will be provided with two cars for use on Company's business and use of car for private purposes will be dealt with by the Company, as per the applicable provisions under the Income-tax Rules, 1962 or any re-enactment thereof.

#### X. Telephone

The managing director will be provided with telephone at residence. Personal long distance calls on telephone will be dealt with by the Company, as per the applicable provisions under the Income-tax Rules, 1962 or any re-enactment thereof.

#### XI. Reimbursement of all actual expenses, including on entertainment and travelling in the course of the Company's business.

#### XII. No sitting fees be paid for attending the meetings of the Board or Committees thereof.

#### XIII. Benefits and Amenities

- (i) Loan and other schemes - Benefits under loan and other schemes in accordance with the practices, rules and regulations in force, in the Company, from time to time; and
- (ii) Other benefits and amenities - Such other benefits and amenities as may be provided by the Company to other senior management personnel from time to time.

Total remuneration as aforesaid will not exceed 5% of net profits of the Company, every year. The aggregate of remuneration payable to Mr Venu Srinivasan, in both the companies viz., the Company and TVS Motor Company Limited, shall not exceed the higher maximum limit admissible from any one of the companies, in terms of Schedule V to the Act, 2013.

In the event of loss or inadequacy of profits in any financial year, the board of directors shall revise the remuneration payable to managing director during such financial year, in such manner as agreed to between the board of directors and the managing director and within the limits prescribed in this behalf under Schedule V to the Act 2013 or any re-enactment thereof.

The above remuneration governing the appointment of Mr Venu Srinivasan as managing director of the Company is notwithstanding the fact that he draws remuneration as chairman and managing director from the Company's subsidiary viz., TVS Motor Company Limited, as approved by the shareholders of the said subsidiary, subject to the overall limit prescribed under the applicable provisions of the Act 2013.

The abstract of the terms of re-appointment and memorandum of interest was circulated to members pursuant to Section 302 of the Companies Act, 1956.

In compliance with the provisions of Sections 196, 197 and 203 read with Schedule V to the Act 2013, the terms of re-appointment and the remuneration specified above are now being placed before the members for their approval, as set out in item no.6 of this Notice.

Except Mr Venu Srinivasan, chairman and managing director, Mr Gopal Srinivasan, director, Dr Lakshmi Venu, director - strategy and Mr Sudarshan Venu, director of the Company, being his relatives, none of the other Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out in Item no.6 of this Notice.

## Sundaram-Clayton Limited

Accordingly, the Board recommends the resolution, as set out in item no.6 of this Notice to be approved by the shareholders, by way of an ordinary resolution.

### Item No. 7

The shareholders, at the annual general meeting held on 22<sup>nd</sup> September 2010, approved the terms of appointment and remuneration of Dr Lakshmi Venu as Director - Strategy in the rank of managing director for a period of five years effective 22<sup>nd</sup> March 2010.

Subsequently, the board, at its meeting held on 29<sup>th</sup> October 2013 entrusted her with certain additional duties and responsibilities for exploring business opportunities and expansion both on the domestic and international fronts and for co-ordinating the Company's financial and budgetary activities to fund operations, maximise cost reduction efforts and increase efficiency. The board considered and decided that this would benefit the Company, as it has been looking for opportunities to expand its business in the domestic and international fronts.

The board also at the same meeting held on 29<sup>th</sup> October 2013 varied her terms of remuneration payable from 1<sup>st</sup> September 2013, subject to the approval of the shareholders, in this AGM, commensurate with her additional duties and responsibilities entrusted by the board and in line with compensation paid to persons holding similar responsibilities.

Subsequently, it was also decided by the Board to pay an annual premium of not exceeding Rs.5 lakhs for Dr Lakshmi Venu, so that she is adequately covered under Personal Accident Insurance and it was approved at the meeting held on 14<sup>th</sup> May 2014, subject to the approval of shareholders in this AGM.

Accordingly, the Company entered into necessary Supplemental Agreements dated 29<sup>th</sup> October 2013 and 14<sup>th</sup> May 2014 with Dr Lakshmi Venu in this regard. The details of the varied terms of remuneration payable in terms of the said Agreement entered into between the Company and Dr Lakshmi Venu are as under:

- (i) Consolidated Salary : Rs.7,50,000/- per month.
- (ii) Commission : Such percentage of net profits of the Company as may be determined by the Board depending on the Company's performance each year, from time to time.
- (iii) Perquisites :
  - I. Housing
    - Housing I : The Company shall provide furnished accommodation free of rent.
    - Housing II : In case accommodation is not provided by the Company, the following be provided for her as accommodation :
      - a. The expenditure on hiring furnished accommodation for her will be subject to a ceiling of sixty per cent of the salary ; or
      - b. She will be entitled to house rent allowance subject to a ceiling of sixty per cent of the salary.

Explanation: The expenditure incurred by the Company on accommodation, will include expenditure on gas, electricity, water and maintenance of furnishings, all to be valued as per the Income-tax Rules, 1962 or any re-enactment thereof.

- II. Medical Reimbursement  
Reimbursement of medical expenses including hospitalization for self and family including premium paid on health for medical insurance.
- III. Leave Travel Concession  
Leave travel concession for four weeks in a year for two trips abroad in a year.
- IV. Club Fees  
Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- V. Personal Accident Insurance  
Personal accident insurance for an amount, the annual premium of which does not exceed Rs.5,00,000/-.
- VI. Company's contribution to provident fund, which will not exceed 12% of the salary or such other higher rate as may be notified by the Central Government, from time to time.
- VII. Gratuity as per rules of the Company, not exceeding half a month's salary for each completed year of service.
- VIII. Earned Leave  
On full pay and allowances as per rules of the Company, but not exceeding one month's leave for every eleven months of service. Leave accumulated shall be encashable at the end of the tenure.
- IX. Car  
She shall be provided with two cars for use on Company's business and use of car for private purposes shall be dealt with by the Company as per the applicable provisions under the Income-tax Rules, 1962 or any re-enactment thereof.
- X. Telephone  
She shall be provided with telephone at residence. Personal long distance calls on telephone shall be dealt with by the Company as per the applicable provisions under the Income-tax Rules, 1962 or any re-enactment thereof.
- XI. Reimbursement of all actual expenses, including on entertainment and travelling in the course of the Company's business.
- XII. No sitting fees be paid for attending the meetings of the Board or Committees thereof.
- XIII. Benefits and Amenities
  - (i) Loan and other schemes - Benefits under loan and other schemes in accordance with the practices, rules and

## Sundaram-Clayton Limited

regulations in force, in the Company, from time to time; and

- (ii) Other benefits and amenities - Such other benefits and amenities, as may be provided by the Company, to other senior officers from time to time.

Total remuneration as aforementioned shall not exceed 5% of net profits of the Company every year.

In the event of loss or inadequacy of profits for any financial year, the Board will revise the remuneration payable to her during such financial year, in such manner as agreed to between the Board and her within the limits prescribed in this behalf under Schedule V to the Act 2013.

The abstract of the terms of appointment and remuneration and memorandum of interest, as applicable, was circulated to members pursuant to Section 302 of the Companies Act, 1956 (the Act 1956).

In compliance with the provisions of Sections 196, 197 and 203 read with Schedule V to the Act 2013, the variation in the terms of appointment and remuneration as specified above are now being placed before the shareholders for their approval as set out in item no.7 of this Notice.

Except Dr Lakshmi Venu, Director-Strategy and Mr Venu Srinivasan, chairman and managing director and Mr Sudarshan Venu, director of the Company, being her relatives, none of the other Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out in Item no.7 of this Notice.

Accordingly, the Board recommends the resolution, as set out in item no.7 of this Notice to be approved by the shareholders, by way of an ordinary resolution.

### Item No. 8 to 13

The shareholders may be aware that Ministry of Corporate Affairs (MCA) notified majority sections of the Act 2013 along with corresponding Rules.

Out of these notified Sections, 98 Sections of the Act 2013 were made operative effective 12<sup>th</sup> September 2013, while 184 Sections came into effect from 1<sup>st</sup> April 2014, replacing the corresponding provisions of the Act 1956.

The Act 2013, *inter alia*, prescribed certain specific procedures for selection, appointment and remuneration of Independent Directors (IDs), besides their term can be for a period upto five consecutive years and that they are not liable to retire by rotation during this period.

Accordingly, all the following directors appointed earlier in terms of the erstwhile applicable provisions of the Act 1956 and Clause 49 of the Listing Agreement, are proposed to be appointed as non-executive independent directors for a term of five consecutive years, in compliance with the new provisions of the Act 2013.

Item No.	Name of the directors (M/s.)	Earlier appointment
8.	Vice Admiral P J Jacob (Retd.) Non-executive Independent Director	Co-opted as a director of the Company effective 21 <sup>st</sup> April 2006. He is the Chairman of the Audit Committee and the Nomination and Remuneration Committee and member of the Corporate Social Responsibility Committee of the Company.
9.	V Subramanian Non-executive Independent Director	Co-opted as a director of the Company effective 15 <sup>th</sup> July 2009. He is the member of the Audit Committee and the Nomination and Remuneration Committee of the Company.
10.	S Santhanakrishnan Non-executive Independent Director	Co-opted as a director of the Company effective 15 <sup>th</sup> July 2009. He is the member of the Audit Committee and Chairman of the Stakeholders' Relationship Committee of the Company.
11.	Suresh Kumar Sharma Non-executive Independent Director	Co-opted as a director of the Company effective 15 <sup>th</sup> July 2009.
12.	R Vijayaraghavan Non-executive Independent Director	Co-opted as a director of the Company on 10 <sup>th</sup> February 2012. He is a member of the Stakeholders' Relationship Committee and the Nomination and Remuneration Committee of the Company.
13.	Kamlesh Gandhi Non-executive Independent Director	Co-opted as a director of the Company on 8 <sup>th</sup> August 2012.

In terms of Clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief profile of these directors, who are proposed to be appointed as directors in this meeting for a term of five years, in terms of the applicable provisions of the Act 2013, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholding and relationship with other directors in the Company are appended to the Notice annexed hereto.

All the aforesaid directors satisfy the criteria and other attributes for appointment as IDs as per the requirements of the Act 2013 and, being eligible, offer themselves for appointment, for a term of five consecutive years from the conclusion of the AGM.

Both the Nomination and Remuneration Committee of directors and the board were of the opinion, after evaluation of ID's performance and other attributes, that their continued association would be of immense benefit to the Company and it would be desirable to avail their services

## **Sundaram-Clayton Limited**

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as IDs for the said term of five consecutive years. All these directors fulfil the terms and conditions specified under the Act 2013 and rules made thereunder for their appointment as IDs by the shareholders and are independent of the management. The IDs are entitled to receive remuneration by way of fees and reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of Section 197 and other applicable provisions of the Act 2013, as determined by the board, from time to time, within the overall limits specified under the Act 2013.

At the AGM held on 30<sup>th</sup> September 2011, the shareholders have already approved the payment of remuneration by way of commission within the overall limits so as not to exceed in aggregate 1% of the net profits of the Company in each financial year calculated in accordance with the provisions of Section 198 of the Act 2013 (corresponding Sections 349 and 350 of the Act, 1956), for a period of five years commencing from 1<sup>st</sup> April 2012 by way of a special resolution.

Accordingly, the Board recommends the resolutions, as set out in item nos.8 to 13, in relation to the terms of appointment of M/s. Vice Admiral P J Jacob (Retd.), V Subramanian, S Santhanakrishnan, Suresh Kumar Sharma, R Vijayaraghavan and Kamlesh Gandhi, as IDs for approval by the shareholders of the Company, by way of special resolutions since the articles of association of the Company so require.

Except M/s. Vice Admiral P J Jacob (Retd.), V Subramanian, S Santhanakrishnan, Suresh Kumar Sharma, R Vijayaraghavan and Kamlesh Gandhi, directors, being appointees, none of the other directors or key managerial personnel of the Company or their relatives is

concerned or interested, financially or otherwise, in their respective resolutions for appointment, as set out in item nos. 8 to 13 of this Notice.

Notices have been received from members of the Company under Section 160 of the Act 2013, along with requisite deposit amount signifying the intention to propose the candidatures of the aforesaid IDs and to move the resolutions set out in item nos. 8 to 13 of this Notice.

The Board, therefore, recommends the resolutions, as set out in item nos.8 to 13 in the Notice to be approved by the shareholders, by way of special resolutions.

### **Inspection of documents :**

The document(s) referred to in the Notice of AGM 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, upto and including the date of AGM.

By order of the board

Chennai  
14<sup>th</sup> May 2014

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 fifty second annual report and the audited accounts for the year ended 31<sup>st</sup> March 2014.

#### 1. FINANCIAL HIGHLIGHTS

Details	(Rs. in Cr)	
	Year ended 31.03.2014	Year ended 31.03.2013
Sales and other income	1,232.54	1,056.68
Profit before finance cost and depreciation	143.82	127.87
Less: Finance Cost	35.65	44.32
Depreciation	53.21	51.25
Profit after finance cost and depreciation	54.96	32.30
Add : Exceptional Item (Income)	5.83	–
Profit before tax	60.79	32.30
Less: Provision for :		
Income tax	5.50	–
Deferred tax	1.63	(3.12)
Profit after tax	53.66	35.42
Surplus brought forward from previous year	68.49	63.16
Total	122.15	98.58
Appropriations:		
First interim dividend paid	18.21	17.07
Second interim dividend paid	7.59	9.48
Third interim dividend payable	13.15	–
Dividend tax paid	0.20	–
Transfer to general reserve	5.37	3.54
Balance carried to Balance Sheet	77.63	68.49
Total	122.15	98.58

#### 2. DIVIDEND

The board of directors (the board) at their meeting held on 29<sup>th</sup> October 2013, declared a first interim dividend of Rs.9.00 per share (180%) absorbing a sum of Rs.18.21 Cr for the year 2013-14 and the same was paid to the shareholders on 9<sup>th</sup> November 2013.

The board at its meeting held on 18<sup>th</sup> March 2014, declared a second interim dividend of Rs.3.75 per share (75%) absorbing a sum of Rs.7.79 Cr for the year 2013-14 and the same was paid to the shareholders on 28<sup>th</sup> March 2014.

The board, at its meeting held on 14<sup>th</sup> May 2014, declared a third interim dividend of Rs. 6.50 per share (130%) for the year 2013-14 absorbing a sum of Rs.13.35 Cr including dividend distribution tax. The same will be paid to the shareholders on or after 24<sup>th</sup> May 2014. Hence, the total amount of dividend including the third interim dividend payable, for the year ended 31<sup>st</sup> March 2014 will aggregate to Rs.19.25 per share (385%) on 2,02,32,085 equity shares of Rs. 5/- each.

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

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

#### 3. MINIMUM PUBLIC SHAREHOLDING REQUIREMENTS (MPS)

The Securities and Exchange Board of India (SEBI) vide its circular dated June 4, 2010, required all listed companies to raise the Minimum Public Shareholding (MPS) upto 25% within three years. Further, SEBI vide its various circulars prescribed the manner and norms for achieving the MPS.

During the year, the Company in order to comply with the MPS requirements for increasing its public shareholding from 20% to 25%, (i) issued and allotted 12,64,501 equity shares at Rs.293/- per share (face value per share - Rs.5/-, premium per share- Rs.288/-) on 11<sup>th</sup> July 2013 to Qualified Institutional Buyers (QIBs) on a preferential basis, in terms of Section 81(1A) of the Companies Act, 1956 and Chapter VIII-A of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended; and (ii) one of the Promoters of the Company, also divested 4 equity shares for complying with the MPS requirement, by way of 'Offer for Sale' (OFS) route. Consequently, the public shareholding increased to 25%, as mandated by SEBI effective 12<sup>th</sup> July 2013.

Hence, the shareholding of the Promoters have come down from 80% to 75%, by which the Company is in compliance with the provisions of the Listing Agreement and Rules specified under Securities Contract (Regulations) Rules, 1957. The new shares issued by the Company, after listing, commenced trading on the Stock Exchanges effective 15<sup>th</sup> July 2013.

The entire issue proceeds of Rs.37.05 Cr were used for repaying the working capital demand loan of the Company.

#### 4. PERFORMANCE

During the year 2013-14, Gross Domestic Product (GDP) was estimated to register a growth of 4.6% as against the 5% achieved in 2012-13 (Source: RBI). The Indian auto industry also has posted moderate growth of 4% (Source: SIAM).

During 2013, GDP estimates in US declined to 1.9% as against 2.8% in 2012 (Source: FTR / IMF) and Europe's GDP estimates at -0.5% in 2013 as against -0.7% in 2012 (IMF).

In this background, North American class 8 truck segment declined by 7% (Source FTR), while, the sale of European medium and heavy trucks grew by 8% (Source ACEA) mainly due to the pre-buy effect in 2013 ahead of enforcement of Euro 6 norms in January 2014.

The following table highlights the performance of the Company during 2013-14:

Particulars	2013-14	2012-13	Growth (in %)
Sales (Tonnage)	39505	35625	11
Sale of goods (Rs. in Cr)	1143.80	974.72	17
Domestic sales (Rs. in Cr)	573.92	517.84	11
Export sales (Rs. in Cr)	569.88	456.88	25
Profit before Tax (Rs. in Cr)	60.79	32.30	88

## 5. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### I. Industry Structure and Development:

#### Domestic

World economy is passing through a difficult phase and India is no exception. The major concerns were sluggish GDP growth, high inflation, depreciation of Indian Rupee, high interest rates, high current account and fiscal deficit, multiple increases in fuel prices and non-availability of electric power. The constant change in the Indian and global economic landscape created uncertainty and risks to the growth momentum. Indian economy continued to languish, recording sub 5.0% GDP growth for the second consecutive year. However, economy witnessed some marginal improvement in the recent quarters -from four-quarter low of 4.4%, GDP growth moved to 4.8% in the second half of the year 2013.

Average WPI inflation for 2013-14 stood at 5.9% as against 7.5% recorded in 2012-13 (Source: CRISIL). On the other hand, CPI inflation declined only marginally to 9.6% from the previous year level of 10.2%.

Indian rupee has undergone significant transformation over the course of FY14. It has largely mirrored the change in the external sector fundamentals of the country. The Indian economy looked vulnerable on the external front, with the Current Account Deficit (CAD) peaking at 4.6% of GDP. India had witnessed a significant capital flight in view of US Federal Reserve hinting at tapering its monetary stimulus. The rupee plummeted from around 54.3 per USD in March 2013 to a low of 68 per USD in August 2013 - a depreciation of 25%.

RBI has initiated regulatory measures for improving the CAD by curbing imports - mainly gold, offering significantly higher rates for the NRI deposits and promoting exports. These measures helped in reducing the CAD to 1.7% of GDP for FY14 from the level of 4.8% in FY13 (Source: CRISIL)

Availability of electric power continued to be a major concern throughout the year.

These unfavorable macroeconomic conditions coupled with increases in fuel prices and higher interest rates had deep impact on the auto industry restricting the overall growth to moderate 4.3%. Segment wise performance is given in the following table:

Category	FY 2013-14 Nos.	FY 2012-13 Nos.	Variance (in %)
Medium and Heavy Commercial Vehicles (M & HCV)	2,24,440	2,88,213	-22
Light Commercial Vehicles (LCV)	4,85,354	5,85,025	-17
Passenger Vehicles	30,97,192	32,24,429	-4
Two Wheelers	1,68,89,419	1,57,53,563	7

*(Source: SIAM)*

#### Exports

During 2013, GDP in US declined to 1.9% as against 2.8% in 2012 (Source: FTR / IMF). However, the US economy grew at a faster-than-anticipated pace in the second half of 2013, led by buoyant domestic demand, robust inventory accumulation and strong export growth.

Europe's economic recovery, which began in the second quarter of 2013, is expected to continue spreading across countries and gaining strength. GDP growth was at -0.5% in 2013 as against -0.7% in 2012 (IMF).

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

Market	Category	2013	2012	Variance (in %)
North America	Class 8 Trucks	2,43,003	2,73,036	-11
North America	Class 4-7 Trucks	1,52,826	1,42,742	7
Europe	Medium & Heavy trucks	2,31,349	2,14,827	8

*(Source: FTR & ACEA )*

### II. Business Outlook and Overview

Indian economic growth is likely to accelerate in the next fiscal in view of continued thrust on economic reforms. The pick-up will be aided by implementation of stalled projects, de-bottlenecking of the mining sector and a recovery in industry on higher external demand. Finally, a normal monsoon year is expected, which will cushion growth and help in taming inflation. In this background, it is expected that GDP will be at 5.4% for 2014-15, up from 4.6% for 2013-14 (IMF / RBI).

Auto component exports (USD 9.69 billion in FY 14) from India grew by 4.4% over last year. Component exports have grown at a strong CAGR of 40% during the last three years led by traction in supplies to Europe and America. Depreciation of Rupee turned India into a favorable destination for sourcing auto components over China. This is likely to continue in 2014, the trend getting stronger in the later part of 2014, a good signal for auto component suppliers that are exporting to Europe.

However, the major concerns would be inadequate power availability, high inflation, high current account and fiscal deficit.

The movement of rupee depends on capital flows in managing high levels of imports and exports in the global market. The Company, therefore, believes that rupee is not likely to appreciate significantly. While short-term spikes could happen, the currency will stay at a level that keeps exports supported, allows for replenishment of foreign exchange reserves and keeps the rupee safeguarded from vulnerability because of global volatility.

Implementation of key structural reforms with emphasis on growth could revive the economy and provide the industries with the much-needed stimulus for growth.

In exports, the Company expects the overall demand in NAFTA and EU region is to be buoyant based on current indications.

### III. Opportunities & Threats

The Company supplies aluminium castings either as cast or in machined condition for commercial vehicles, passenger cars and two wheeler segments of the automotive industry.

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

## Sundaram-Clayton Limited

In view of stringent emission norms and fuel economy regulations, the thrust for light-weighting is bound to increase leading to higher content of aluminum in all vehicle types. This factor will provide for increased growth opportunities, since the Company is already a preferred source for aluminium castings to major customers in India and abroad.

The Company has developed magnesium die castings and has completed tests and trials. The responses from prospective customers are encouraging. Magnesium being lighter in weight than aluminum is expected to find several applications for light-weighting in the years to come.

Our country is emerging as one of the major manufacturing hub because of availability of well-educated engineers and managers, skilled workforce and good supply base. The Company is well placed to leverage these emerging opportunities in India and abroad.

Several Indian die casting companies and OEMs are either setting up new capacities or expanding existing capacities resulting in increased competition and consequent price pressure which could affect the margins.

Excess capacity in the market makes it extremely difficult to seek price increases to compensate the effects of inflation. However, the Company's supply contracts provide for periodic price adjustments indexed to the international prices of aluminum and this should offer some protection against volatility of commodity prices.

### IV. Risks and concerns

#### Economy

Going forward, India's economic outlook remains challenging. Downside risks still persist, reflecting global headwinds and political uncertainty. The outcome of general elections could swing the medium term growth outlook either way.

US tapering can slow down the flow of money into Indian market and can put pressure on the Indian currency which will be a dampener to Indian market and economy.

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 derived from M & HCVs (50%), followed by Car Industry (30%) and two wheeler industry (20%).

The Indian commercial vehicle industry has strong correlation with the agricultural growth, infrastructure development and the mining industry and is cyclical. The Company's presence in all the segments of auto industry will largely mitigate the segment specific risks.

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 customer focussed measures to remain competitive in the market place.

The shortfall in the supply of power from the Government had forced the Company to resort to captive power generation using diesel generators and purchase of power from third parties at higher rates. The Government had also come out with regulations on Renewable Power Obligation, that is expected to increase the overall power cost. The power situation remains a concern with no major power generation capacity likely to get added to the system during the year. This may have an impact by way of higher costs and lower margins. However, the Company has made arrangements for ensuring the availability of captive power.

#### Sourcing

While the Company continues to pursue cost reduction initiatives, increase in price of input materials could impact the Company's profitability when they are not compensated by customers.

#### Forex

With significant exports, imports of raw material and capital goods and foreign currency liabilities, the Company is always exposed to 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 a key factor to be monitored closely. Although every reasonable precaution is taken, in rare cases, defects that escape may lead to incurring expenses for rework / product recall. 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. Robust quality and project management systems are in place to avoid delay in deliveries due to quality issues or project implementation for minimizing risks.

#### Capacity utilization

The Company continuously steps up capacities to meet the projected demand of customers. The Company closely monitors the progress of customer projects/volumes and redeploys the assets, wherever possible, to minimize the risk of under-utilization of capacities.

### V. Internal control systems 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, safeguarding and protecting assets from any loss 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 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 directors for their review.

### VI. Operations Review

#### A. Manufacturing

The Company has been using the philosophies of Total Quality Management (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 achieving manufacturing excellence was recognized and rewarded by the following agencies / customers during 2013-14.

- TPM excellence award (category A) from Japanese Institute of Plant Maintenance (JIPM) for the factory at Hosur;
- Support in localization of complex machined aluminium casting from ZF;
- Excellence in New product development support from Cummins;
- Excellence in New product support from WABCO; and
- 4+ star quality rating by Hyundai.

#### B. Quality

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

TQM is a way of life in the Company. 100% employee involvement has been successfully achieved for the 14<sup>th</sup> consecutive year.

Employees have completed 577 projects by applying statistical tools through Quality Control Circles (QCC) in 2013-14. The average number of suggestions implemented per employee in 2013 -14 was 45.

#### C. Cost Management

Total cost management is a continuous journey and the Company manages the same through deployment of costs to users. A full time task force is working on projects focussed on reducing process scrap and operational efficiency. TPM and lean 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. Suppliers and customers are also integrated into the system for better planning and execution. During the year, several dashboards were added to improve the productivity, quality and reduce the cost of operations. 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, Recruitment, 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.

Our engineers and executives are sponsored for structured program in both Indian and foreign institutions for developing competencies in the area of new technology and modern management practices. Industry experts are also hired for coaching our Executives and Engineers.

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.

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 2014, the Company had 4832 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).

The Company has been certified under Integrated Management System (IMS) combining ISO 14000 and OHSAS 18001 systems and procedures.

### IX. Corporate Social Responsibility (CSR)

The Board at its meeting held on 29<sup>th</sup> October 2013, constituted a Corporate Social Responsibility Committee with Mr Venu Srinivasan, chairman and managing director as the Chairman of the Committee and Dr Lakshmi Venu, director - strategy and Vice Admiral P J Jacob (Retd.), director as its members.

CSR activities have already been textured into the Company's value system through Srinivasan Services Trust (SST), established by the group companies in 1996 with the vision of building self-reliant rural community. SST over 18 years of service, 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 2,501 villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh and Andhra Pradesh. Its major focus areas are: Economic development, Health care, Quality education, Environment and Infrastructure. Its significant achievements are:

- Through partnership with the community helped to form over 5,300 Self Help Groups (SHG).
- 100% enrolment in schools. 0% drop outs. 93% students pursue higher studies and over 60,145 adult women were made literate.
- Illiteracy amongst women reduced from 47% to 12%.
- 1,75,205 hectares under afforestation.
- 12,938 hectares covered for soil and water conservation.
- Proper solid and liquid waste management practices adopted in 1,418 villages.
- SHG members have a group savings of Rs.25.57 Cr.
- Over 1,47,136 of the families living in these villages have a monthly income of around Rs.15,000/- per family.
- 1,296 villages have access to safe drinking water.
- Enriching 2,501 villages across 5 states. Creating the most effective synergies for socio economic development in India.

## Sundaram-Clayton Limited

### X. Financial / Operational performance

The financial and operational performance for the year 2013-2014 as compared to the previous year is furnished in the following table.

Particulars	Year ended 31 <sup>st</sup> March 2014		Year ended 31 <sup>st</sup> March 2013	
	Rs. in Crores	%	Rs. in Crores	%
Sales	1,196.76	97.10	1018.56	96.39
Other income	35.78	2.90	38.12	3.61
<b>Total Revenue</b>	<b>1,232.54</b>	<b>100.00</b>	<b>1056.68</b>	<b>100.00</b>
Cost of materials consumed	596.10	48.36	525.07	49.69
Change in inventories of finished goods, work-in-process and stock-in-trade	(1.62)	(0.13)	(7.15)	(0.68)
Employee benefit expense	155.20	12.59	132.93	12.58
Stores and tools consumed	85.82	6.96	74.31	7.03
Power and fuel	66.39	5.39	59.02	5.59
Repairs and maintenance	38.74	3.14	29.01	2.75
Other expenses	148.09	12.02	115.62	10.94
Finance Costs	35.65	2.89	44.32	4.19
Depreciation	53.21	4.32	51.25	4.85
<b>Total Expenditure</b>	<b>1,177.58</b>	<b>95.54</b>	<b>1024.38</b>	<b>96.94</b>
Profit before exceptional items and tax	54.96	4.46	32.30	3.06
Exceptional Item - Income	5.83	0.47	–	–
<b>Profit before tax</b>	<b>60.79</b>	<b>4.93</b>	<b>32.30</b>	<b>3.06</b>
Provision for taxation				
Income tax	5.50	0.45	–	–
Deferred tax	1.63	0.13	(3.12)	(0.30)
<b>Profit after tax</b>	<b>53.66</b>	<b>4.35</b>	<b>35.42</b>	<b>3.35</b>

### 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 market in which the Company operates, changes in the government regulations, tax laws and other statutes and incidental factors.

### 6. SUBSIDIARY COMPANIES

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

Name of the Company	Subsidiary of
TVS Motor Company Limited Sundaram-Clayton (USA) Limited	Sundaram-Clayton Limited
Sundaram Auto Components Limited TVS Housing Limited TVS Motor Company (Europe) B.V. TVS Motor (Singapore) Pte. Limited Sundaram Business Development Consulting (Shanghai) Company Limited	TVS Motor Company Limited
PT. TVS Motor Company Indonesia	TVS Motor (Singapore) Pte. Limited

During the year, TVS Motor Company Limited (TVSM), the subsidiary company disinvested 7,35,00,000 nos. of equity shares of Rs.10/- each of TVS Energy Limited (TVS Energy), constituting 90.46% of paid up capital in TVS Energy to and in favour of Green Infra Limited (GIL), New Delhi.

Consequently, TVS Energy and its two subsidiaries, namely TVS Wind Energy Limited and TVS Wind Power Limited, ceased to be subsidiaries of TVSM and of the Company, effective at the close of business hours of 16<sup>th</sup> August 2013.

Both the Company and TVSM continue to hold the required percentage of equity shares of Green Infra BTV Limited (earlier known as TVS Energy) for the purpose of fulfilling the norms of captive consumption.

### 7. CONSOLIDATED FINANCIAL STATEMENTS

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 fulfilment of the conditions laid down therein.

The board, at its meeting held on 14<sup>th</sup> May 2014, 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 1956 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 shareholders, on receipt of a request from them, at the registered office of the Company during business hours on any working day of the Company. If any member or investor wishes to inspect the same, it will be available during the business hours on 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, 1956 disclosing the Company's interest in subsidiaries and other information as required, is attached.

### 8. DIRECTORS

The Ministry of Corporate Affairs (MCA) has notified majority of the provisions *inter alia* relating to selection, manner of appointment, roles, functions, duties, re-appointment of independent directors (IDs) and the relevant rules under the Companies Act, 2013 (the Act 2013) and made them effective<sup>1<sup>st</sup></sup> April 2014.

The existing composition of the Company's board is fully in conformity with the applicable provisions of the Act 2013 and Clause 49 of the Listing Agreement having the following directors as non-executive IDs, namely M/s. Vice Admiral P J Jacob, V Subramanian, Suresh Kumar Sharma, S Santhanakrishnan, R Vijayaraghavan and Kamlesh Gandhi.

In terms of the provisions of Section 149(10) read with Section 149(5) of the Act 2013, IDs are eligible to hold office for a term upto five consecutive years on the board and eligible for re-appointment for the second term on passing of special resolutions by the Company. During the period, they will not be liable to 'retire by rotation' as per the provisions of Sections 150(2), 152(2) read with Schedule IV to the Act 2013.

It is, therefore, proposed to appoint them as IDs for a consecutive period of five years at the Annual General Meeting (AGM). Necessary declarations have been obtained from them, as envisaged under the Act, 2013.

Both the Nomination and Remuneration Committee and the board also ensured that their appointments as IDs are in compliance with the requirements under the relevant statutes and that there were appropriate balance of skills, experience and knowledge in the board, so as to enable the board to discharge its functions and duties effectively.

Notices in writing signifying the intention to offer their candidatures as IDs of the Company along with the requisite deposits have been received from members of the Company, in terms of Section 160 of the Act, 2013.

In terms of the provisions of sub-section (6) read with explanation to Section 152 of the Act 2013, two-third of the total number of directors i.e., excluding IDs, are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every annual general meeting.

M/s. T K Balaji and Sudarshan Venu, directors of the Company, are therefore, liable to retire by rotation, at this AGM, and being eligible, offer themselves for re-appointment.

The brief resume of these directors proposed to be appointed and re-appointed and other relevant information have been furnished in the Notice of AGM. Appropriate resolutions for their appointment / re-appointment are being placed for approval of the members at the AGM.

The board, therefore, recommends their appointment / re-appointment as directors of the Company.

### 9. AUDITORS

#### Statutory Auditors

The Company, in terms of Section 139 (1) and (2) of the Act, 2013 is required to appoint a statutory auditor for a term of five consecutive years i.e., till the conclusion of sixth annual general meeting and ratify their appointment, during the period, in every annual general meeting, till the sixth such meeting by way of passing of an ordinary resolution.

The period, for which any firm has held office as auditor prior to the commencement of the Act, 2013 will be taken into account for calculating the period of five consecutive years, as per the fourth proviso to Section 139(2) of the Act, 2013 read with Rule 6(3) of the Companies (Audit and Auditors) Rules, 2014.

M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, who were earlier appointed as statutory auditors of the Company, were functioning as auditor for more than ten years. Hence, they are eligible to be appointed for the transitional period of three years in terms of the aforesaid provisions and rules under the Act 2013.

It is proposed to appoint them as statutory auditors for the transitional period of three years, subject to the approval and ratification by the shareholders at this AGM and at subsequent AGM, held during the transitional period.

The Company has obtained necessary certificate under Section 141 of the Act 2013, conveying their eligibility for the above appointment. The audit committee and the Board reviewed their eligibility criteria, as laid down under Section 141 of the Act 2013 and recommended their appointment as auditors for the aforesaid period by the members.

#### Cost Auditor

As required under the Companies (Cost Accounting Records) Rules 2011, the Company filed the Cost Audit Report along with Cost Compliance Report for the financial year 2012-13 in XBRL format.

The board, subject to the approval of the Central Government, has re-appointed Mr A N Raman, practising cost accountant, holding Membership No.5359, allotted by The Institute of Cost Accountants of India, as Cost Auditor for conducting the Cost Audit for the financial year 2014-15. The audit committee recommended his appointment and remuneration, subject to the compliance of all the requirements as stipulated in circular no.15/2011 dated 11<sup>th</sup> April 2011 issued by the MCA.

The Company has also received necessary certificate under Section 141 of the Act 2013, conveying his eligibility for re-appointment. The remuneration fixed by the board, based on the recommendation of the audit committee, is required to be ratified by the members at the AGM, as per the requirement of Section 148(3) of the Act 2013.

## Sundaram-Clayton Limited

### Secretarial Auditor

As required under Section 204 of the Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company is required to appoint a Secretarial Auditor for auditing the secretarial and related records of the Company.

Accordingly, Ms B Chandra, practising company secretary has been appointed as Secretarial Auditor for carrying out the secretarial audit for the financial year 2014-2015 and the secretarial audit report given by her will be attached with Board's report to the shareholders, as required.

### 10. CORPORATE GOVERNANCE

The Company has been practising 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 forms 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 2014.

### 11. 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 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, the information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure I to this report.

#### Particulars of employees

The particulars required pursuant to Section 217(2A) of the Act 1956 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 1956 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 1956 for the year ended 31<sup>st</sup> March 2014.

### Directors' Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Act 1956 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 2014, 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 2014 on a "going concern basis".

### 12. ACKNOWLEDGEMENT

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

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

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

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

For and on behalf of the board

Chennai  
14<sup>th</sup> May 2014

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 – (2013-14)

- (i) Introduction of supply side controller in compressor system;
- (ii) Installed demand side controller in compressor system;
- (iii) Replacement of contactors with thyristor drives; and
- (iv) Modification in core shooting machine to accommodate common cooling system in place of oil chillers.

The above measures have resulted in an annual saving of about Rs.0.34 Cr.

#### 2. Proposed measures – (2014-15)

- (i) Converting existing individual power packs with common power packs;
- (ii) Eliminating the process of coat pump by modifying the pipe line circuit to gravity flow;
- (iii) Providing solar energy based system for canteen cooking;
- (iv) Variable Frequency Drives (VFD) with temperature controller for cooling tower blowers; and
- (v) Introducing accumulators and valves to reduce the running time of hydraulic motors.

The above measures will result in an annual saving of about Rs.0.63 Cr.

### 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 redesign capabilities for magnesium pressure die cast parts;
- (ii) Established crack detection process for structural High Pressure Die Casting (HPDC) parts;
- (iii) Development of aluminum foam pillion handle prototype part;
- (iv) Development of magnesium transmission housing prototype part for passenger car applications;
- (v) Technical feasibility trials with water free die lubricant to improve die life;
- (vi) Technical evaluation of high ductile pressure die cast alloys for automotive structural parts; and
- (vii) Developed 30 new aluminum die cast products.

##### Ongoing activities:

- (i) Establishment of sand reclamation process;
- (ii) Develop capability for supply of magnesium die cast part 2000 nos. / month;
- (iii) Technical capabilities for surface coating of aluminum die cast part for automotive exterior application to withstand stringent corrosion requirements;
- (iv) Exploration of aluminum centrifugal castings for cylinder liner applications;
- (v) Die thermal management methods for Gravity Die Castings (GDC) moulds / dies;
- (vi) Technical feasibility of Salt core process for Pressure Die Castings (PDC) process;

- (vii) Technical feasibility of Metal matrix composites; and
- (viii) Develop conformal cooling technology for PDC dies using additive manufacturing.

#### 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 business; 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 Rheo-die casting process;
- (iii) Development of high ductile PDC alloys for structural parts;
- (iv) Development of in-house recycling process for aluminum chips;
- (v) Development of investment casting technology for aluminum alloys;
- (vi) Development of guidelines and capabilities for product redesign for material change / multi material parts; and
- (vii) Development of non-heat treatable high strength aluminum alloys.

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

	(Rs. in Cr.)
Capital expenditure	0.68
Recurring expenditure (including salaries)	5.46
<b>Total</b>	<b>6.14</b>
Total expenditure as percentage of sales turnover	0.54%

#### 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

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

#### Export activities

Export during the year ended 31<sup>st</sup> March 2014 amounted to Rs. 569.88 Cr as against Rs. 456.87 Cr for the year ended 31<sup>st</sup> March 2013.

	(Rs. in Cr.)
<b>Total foreign exchange used and earned:</b>	
a) Foreign exchange used	503.39
b) Foreign exchange earned	569.88

For and on behalf of the board

Chennai  
14<sup>th</sup> May 2014

VENU SRINIVASAN  
Chairman

## Report on Corporate Governance

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

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

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 2014 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.

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 (Retd.), 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 meetings of the committees / board in order to assist the directors in planning their schedules well in advance to participate in the meetings.

The Company regularly places, before the board for its review, 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 back ground 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 on a quarterly basis.

During the year 2013-2014, the board met five times on 8<sup>th</sup> May 2013, 12<sup>th</sup> August 2013, 29<sup>th</sup> October 2013, 12<sup>th</sup> February 2014 and 18<sup>th</sup> March 2014 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 27<sup>th</sup> August 2013 and also the number of other directorships and committee memberships / chairmanships as on 31<sup>st</sup> March 2014 are as follows:

Name of the director M/s.	Category	Attendance particulars		Number of other directorships and committee memberships / chairmanships		
		Board meeting	Last AGM	Other directorships*	Committee memberships**	Committee chairmanships
Venu Srinivasan	CMD	5	Yes	15	3	1
Gopal Srinivasan	NE-NI	2	Yes	14	1	-
K Mahesh	NE-NI	1	Yes	5	1	-
T K Balaji	NE-NI	4	Yes	13	3	1
Dr Lakshmi Venu	DS	5	Yes	1	1	-
Sudarshan Venu	NE-NI	3	Yes	2	-	-
Vice Admiral P J Jacob (Retd.)	NE-I	5	Yes	1	1	1
V Subramanian	NE-I	4	Yes	9	5	1
Suresh Kumar Sharma	NE-I	2	No	1	-	-
S Santhanakrishnan	NE-I	5	No	6	5	1

## 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
R Vijayaraghavan	NE-I	3	Yes	8	7	3
Kamlesh Gandhi	NE-I	4	Yes	4	3	–

\* 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 the companies in which they are directors. Chairmanship / Membership of committees include only Audit and Stakeholders' Relationship 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 the developments. They also make presentations to the board and audit committee of directors.

Apart from this, the observations on the audit carried out by the internal auditors and the compliance report on payment of statutory liabilities submitted by the statutory auditors of the Company are placed and discussed with functional heads, by the committee / board. The board also reviews the declarations made by the chairman and managing director and the company secretary 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 Company has in place the Code of Business Conduct and Ethics for member of the board and senior management personnel (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.sundaram-clayton.com](http://www.sundaram-clayton.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 2014. 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 appointed / 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 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 of suspected fraud or irregularity or a failure of internal control systems, of a material nature, if any.
- g. Recommending to the board the appointment / re-appointment / replacement of the statutory auditor and cost auditor and the fees payable for audit and approving the payment for any other services rendered by the 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 and 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 judgment 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.

In line with the requirements of Section 177 of the Companies Act, 2013 (the Act, 2013) additional powers were vested in the Audit Committee, at the board meeting held on 14<sup>th</sup> May, 2014.

### 3.2 Composition of Audit Committee:

As at 31<sup>st</sup> March 2014, the Audit Committee consists of the following non-executive independent and non-independent directors:

Name of the directors - (M/s.)	Status
Vice Admiral P J Jacob (Retd) V Subramanian S Santhanakrishnan	Non-Executive and Independent director
T K Balaji	Non-Executive and Non-Independent director

Vice Admiral P J Jacob (Retd.) is the chairman of the Audit Committee and Mr R Raja Prakash, Company Secretary acts as the secretary of the Audit Committee.

Chairman of the Audit Committee was present at the last Annual General Meeting held on 27<sup>th</sup> August 2013.

The composition of the Audit Committee is in accordance with the requirements of Clause 49 of the Listing Agreement read with Section 177 of the Act, 2013.

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

Date of the meeting	Members present (M/s.)
07.05.2013	Vice Admiral P J Jacob (Retd), V Subramanian and S Santhanakrishnan
12.08.2013	
29.10.2013	
12.02.2014	

### 4. Subsidiary Companies

The Company's Indian unlisted subsidiaries do not fall under the definition of "material non-listed Indian 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 holding, subsidiary and associate companies etc., 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 also reviews, *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 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 board about the risk assessment and mitigation 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, except a show cause notice received by the Company from Securities and Exchange Board of India (SEBI) vide its interim order dated 4<sup>th</sup> June 2013 and subsequently revoked on 4<sup>th</sup> September 2013 as detailed below:

In terms of the continuous listing requirements, every listed company (other than Public Sector Company) are required to maintain the Minimum Public Shareholding requirements (MPS) of at least 25%.

Any listed company, which has public shareholding below 25% on the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010 ("SCRA"), has been directed to increase its public shareholding to at least 25 percent, within a period of 3 years from the date of such commencement, in the manner specified by SEBI i.e., by 3<sup>rd</sup> June 2013.

The Company, being a Listed Company, is also required to comply with the MPS, to increase its public shareholding from 20% to 25% as per the requirements of SCRA.

In order to become MPS compliant, the board of directors of the Company had approved further issue of shares on preferential basis to Qualified Institutional Buyers (QIBs) pursuant to Section 81(1A) of the Companies Act, 1956 on 8<sup>th</sup> February 2013 and the shareholders had also approved the same on 20<sup>th</sup> March 2013 through Postal Ballot.

Subsequent to these approvals, (i) the Company issued and allotted 12,64,501 equity shares at Rs.293/- per share (face value per share - Rs.5/-, premium per share - Rs.288/-) on 11<sup>th</sup> July 2013 to the Qualified Institutional Buyers (QIBs) on a preferential basis, in terms of Section 81(1A) of the Companies Act, 1956 and Chapter VIII-A of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended; and (ii) one of the Promoters of the Company, also divested 4 equity shares for meeting the MPS requirements. Consequently, the public shareholding increased to 25%, as mandated by SEBI.

As aforesaid, after the issue and sale of shares, the Company achieved the MPS requirements of 25% effective 12<sup>th</sup> July 2013 and the shareholding of the promoter group got reduced to 75%. The new shares commenced trading on the Stock Exchanges effective 15<sup>th</sup> July 2013.

As the 'public shareholding' was not achieved by the Company on or before 3<sup>rd</sup> June 2013, SEBI has issued certain directions vide its Order dated 4<sup>th</sup> June 2013 to all non-compliant companies.

A brief summary of the Order is as given below:

SEBI has directed for the purpose of complying with the MPS, till such time these companies comply with the MPS, *inter alia*, as under:

- (a) Freezing of Voting Rights and Corporate benefits like dividend, Rights, Bonus Shares, Split, etc. with respect to the excess of proportionate promoter / promoter group shareholding in the non-compliant companies. For the purpose of above direction proportionate promoter / promoter group shareholding shall be computed on the basis of 'public shareholding' in the Company at three times the existing public shareholding.
- (b) Prohibiting the promoter / promoter group and directors of these non-compliant companies from buying, selling or otherwise, dealing in the securities of their respective companies, either directly or indirectly, in any manner whatsoever, except for the purpose of complying with the requirement of public shareholding.
- (c) Restraining the shareholders forming part of the promoter / promoter group from holding any new position as a director in any listed company.
- (d) Restraining the directors of such companies from holding any new position as a director in any listed company.

The said Order is without prejudice to the right of SEBI to take any other action, including the following against the non-compliant companies, their promoters and/or directors or issuing such directions in accordance with law:

- levying monetary penalty under adjudication proceedings;
- initiating criminal proceedings;
- moving the scrip to trade-to-trade segment;
- excluding the scrip from F&O segment;
- any other action / direction as may be deemed appropriate.

Upon achieving compliance by the Company effective 12<sup>th</sup> July 2013, SEBI, subsequently, vide its order dated 4<sup>th</sup> September 2013, removed / revoked all its earlier restrictions imposed on the Company and advised the Company to ensure compliance with all the applicable laws and regulations in letter and spirit.

### 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 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 2014.

### 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.

## Sundaram-Clayton Limited

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 for prevention of insider trading and the same is being strictly adhered to by the directors, senior management personnel 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 disclosing promptly to the Stock Exchanges, where the shares of the Company are listed, all the information in compliance with Clause 36 of the Listing Agreement along with the applicable closure of trading window period. The Company has been advising the promoters, directors, senior management personnel and other persons covered by the Code 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. Nomination and Remuneration Committee

During the year, the board constituted a Nomination and Remuneration Committee of directors in terms of Section 177 of the Act, 2013.

### 6.1 Composition of the Committee:

As at 31<sup>st</sup> March 2014, the Nomination and Remuneration Committee consists of the following directors as its members:

Name of the directors - (M/s.)	Status
Vice Admiral P J Jacob (Retd)	Non-Executive and Independent director
R Vijayaraghavan	
V Subramanian	

Vice Admiral P J Jacob (Retd.), is the Chairman of the Nomination and Remuneration Committee and Mr R Raja Prakash, Company Secretary acts as the secretary of the Committee.

### 6.2 Remuneration to directors:

Mr Venu Srinivasan was re-appointed as managing director for a further period of five years effective 23<sup>rd</sup> May 2014 on a remuneration consisting of salary and other perquisites in terms of the agreement entered into between him and the Company on 12<sup>th</sup> February 2014, subject to the approval of the shareholders at this annual general meeting.

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 terms of appointment and remuneration were approved by the shareholders, at the AGM held on 22<sup>nd</sup> September 2010. The board of directors, at its meetings held on 29<sup>th</sup> October 2013 and 14<sup>th</sup> May 2014 varied the terms of appointment and remuneration of Dr Lakshmi Venu, subject to approval of the shareholders at this AGM.

Mr Venu Srinivasan, chairman and managing director and Dr Lakshmi Venu, director-strategy were paid remuneration as fixed by the board within the limits approved by the shareholders in terms of the relevant provisions of the Act 1956 / the Act 2013.

Sitting fee of Rs. 7,500/- each is paid to 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 independent directors are being paid commission, in aggregate 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.

### 6.3 Particulars of sitting fees paid and commission payable to the non-executive directors during the financial year 2013-2014:

Name of the directors (M/s.)	Sitting fees(*) (Rs.)	Commission (Rs.)
K Mahesh	7,500	-
Gopal Srinivasan	82,500	-
T K Balaji	67,500	-
Sudarshan Venu	22,500	-
Vice Admiral P J Jacob (Retd.)	90,000	7,50,000
V Subramanian	60,000	7,50,000
S Santhanakrishnan	82,500	7,50,000
Suresh Kumar Sharma	15,000	5,00,000
R Vijayaraghavan	90,000	5,00,000
Kamlesh Gandhi	30,000	5,00,000

(\*) - Includes fees for attending meetings of the board and committees.

### 6.4 Details of shareholdings of non-executive directors in the Company as on 31<sup>st</sup> March 2014:

Name of the non-executive director (M/s.)	No. of shares
K Mahesh	123
Gopal Srinivasan*	66

\* Mr Venu Srinivasan and Mr Gopal Srinivasan being brothers are relatives in terms of Section 2(77) of the Act 2013.

## Sundaram-Clayton Limited

Except the above, no other non-executive director hold shares 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.

- 6.5 Particulars of remuneration paid to chairman and managing director and director-strategy during the financial year 2013-2014:

(Rs. in lakhs)

Name of the Directors	Salary	Contribution to PF & Other Funds	Perquisites	Commission	Total
Mr Venu Srinivasan	19.50	3.06	3.77	–	26.33
Dr Lakshmi Venu	90.00	8.93	46.97	117.10	263.00

- 6.6 Presently, the Company does not have any scheme for grant of stock options either to the directors or employees of the Company.

### 7. Stakeholders' Relationship Committee

- 7.1 During the year, Investors' Grievance Committee was renamed as Stakeholders' Relationship Committee in compliance with the requirements of Section 178 of the Act 2013. The said Committee was also re-constituted with the following directors as its members, viz., M/s. S Santhanakrishnan, non-executive and independent director, R Vijayaraghavan, non-executive and independent director and Dr Lakshmi Venu, executive and non-independent director. Mr S Santhanakrishnan, non-executive and independent director is the Chairman of the said Committee. The Committee met four times during the year.

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

- 7.3 The Committee oversees and reviews all the matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. The Committee also looks into redressal of investors' grievances, pertaining to transfer of shares, non-receipt of balance sheet, non-receipt of declared 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 off investors' complaints within a span of seven days.

- 7.4 Complaints received and redressed during the year 2013-2014:

S.No.	Nature of complaints	No. of complaints
1.	Non receipt of dividend warrants	3
2.	Non receipt of annual report	3
3.	Non-receipt of share certificates	2
	<b>Total</b>	<b>8</b>

- 7.5 All the queries and complaints received during the financial year ended 31<sup>st</sup> March 2014 were duly redressed and no complaints were pending at the year end.

All requests for dematerialization of shares were carried out within the stipulated time period.

- 7.6 Reconciliation of Share Capital Audit:

A qualified Practising Company Secretary carries out a Reconciliation of Share Capital (RSC) Audit on a quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital and places the report for perusal of the Board.

The RSC 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 are as under:

Year	Location	Date	Time
2010-2011	The Music Academy, New No.168 (Old No. 306) TTK Road, Royapettah, Chennai - 600 014	30.09.2011	10.15 A.M
2011-2012		29.11.2012	10.00 A.M
2012-2013		27.08.2013	10.35 A.M

- 8.2 Special resolutions passed in the previous three annual general meetings are as under:

During the last three years, namely 2010-11 to 2012-13, approval of the shareholders was obtained by passing special resolutions as follows:

Year	Subject matter of the special resolution	Date of AGM
2010-11	(1) Payment of commission to non-executive independent directors. (2) Amendment to the Articles of Association of the Company.	30.09.2011
2011-12	Appointment of Mr Sudarshan Venu, director as Vice President - TVS Motor Company Limited, the subsidiary company.	29.11.2012
2012-13	Appointment of Captain N S Mohan Ram as consultant in TVS Motor Company Limited	27.08.2013

- 8.3 None of the subjects placed before the shareholders in the last / ensuing annual general meeting required / requires approval by a Postal Ballot process.

## 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, the 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 regional newspapers. These are not sent individually to the shareholders.

#### 9.2 Newspapers wherein results are normally published:

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

#### 9.3 Website:

The Company's website is [www.sundaram-clayton.com](http://www.sundaram-clayton.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 and 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 makes use of its website for publishing official news releases 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 21<sup>st</sup> August 2014  
at 10.15 AM

Venue : The Music Academy,  
New No.168 (Old No. 306), TTK Road,  
Royapettah, Chennai 600 014.

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

Financial calendar 2014-15 (Tentative):

Financial reporting for

the quarter ended : Financial calendar

30<sup>th</sup> June 2014 : between 15<sup>th</sup> July and 14<sup>th</sup> August 2014

30<sup>th</sup> September 2014 : between 15<sup>th</sup> October and 14<sup>th</sup> November 2014

31<sup>st</sup> December 2014 : between 15<sup>th</sup> January and 14<sup>th</sup> February 2015

31<sup>st</sup> March 2015 : between 15<sup>th</sup> April and 30<sup>th</sup> May 2015

Annual general meeting : During July - September 2015

10.3 Date of book closure : 18<sup>th</sup> August 2014 to 21<sup>st</sup> August 2014  
(4 days)

#### 10.4 Particulars of dividend payment:

The board, at its meeting held on 29<sup>th</sup> October 2013, declared a first interim dividend of Rs.9/- per share (180%) for the year 2013-2014, absorbing a sum of Rs.18.21 Cr. It was paid to the shareholders on 9<sup>th</sup> November 2013.

The board, at its meeting held on 18<sup>th</sup> March 2014, declared a second interim dividend of Rs.3.75 per share (75%) absorbing a sum of Rs.7.79 Cr for the year 2013-14 and the same was paid to the shareholders on 28<sup>th</sup> March 2014.

The board, at its meeting held on 14<sup>th</sup> May 2014, declared a third interim dividend of Rs.6.50 per share (130%) for the year 2013-14 absorbing a sum of Rs.13.35 Cr including dividend distribution tax.

This will be paid to the shareholders on or after 24<sup>th</sup> May 2014.

Hence, the total amount of dividend including the proposed third interim dividend payable, for the year ended 31<sup>st</sup> March 2014 will aggregate to Rs.19.25 per share (385%) on 2,02,32,085 equity shares of Rs. 5/- each.

#### 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)	SUNCLAYLTD
ISIN allotted by Depositories (Company ID Number)	INE 105A01035

(Note: Annual listing fees and custodial charges for the year 2014-2015 were duly paid to the above Stock Exchanges and Depositories).

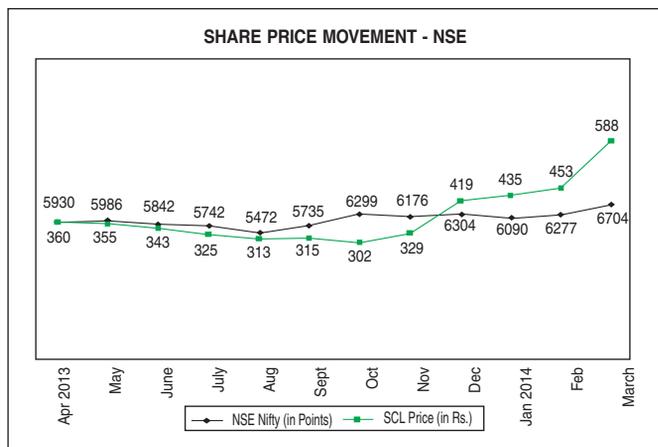
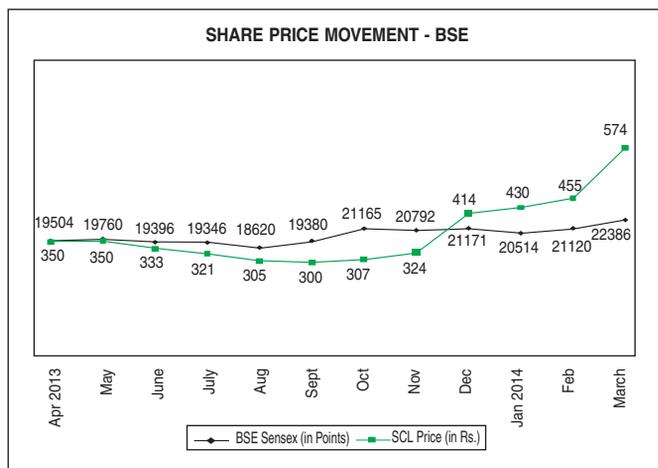
#### 10.6 Market Price Data:

(in Rupees)

Month	BSE		NSE	
	High	Low	High	Low
April 2013	350.00	321.00	360.05	317.25
May 2013	349.95	305.00	354.75	302.00
June 2013	333.30	277.55	343.15	272.80
July 2013	320.80	275.00	325.00	272.75
August 2013	305.00	265.00	312.65	267.70
September 2013	299.95	271.10	314.85	274.00
October 2013	307.00	250.10	302.40	276.60
November 2013	323.50	285.50	329.00	286.95
December 2013	413.50	305.05	418.70	303.15
January 2014	430.00	336.20	435.00	362.35
February 2014	455.00	380.00	452.85	410.65
March 2014	574.45	355.40	588.00	411.10

## Sundaram-Clayton Limited

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



### 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 and complete 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 the shareholders and other miscellaneous correspondences relating to 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 shareholding, dividend, etc.

### 10.9 Shareholding pattern as on 31<sup>st</sup> March 2014 :

Category of Shareholder	No. of shares held	%
<b>Promoter and Promoter Group</b>		
Bodies Corporate	1,51,74,060	75.00
<b>Total (A)</b>	<b>1,51,74,060</b>	<b>75.00</b>
<b>Public Shareholding</b>		
Mutual Funds	21,12,117	10.44
Banks / Financial Institutions	8,714	0.04
Insurance Companies	5,51,947	2.73
Foreign Institutional Investors	5,926	0.03
<b>Total Institutions (B)</b>	<b>26,78,704</b>	<b>13.24</b>
Bodies Corporate	2,82,592	1.40
Individuals holding nominal capital in excess of Rs.1 lakh	3,68,413	1.82
Individuals holding nominal capital upto Rs.1 lakh	16,96,720	8.39
NRI Repatriable	11,866	0.06
NRI Non- Repatriable	12,816	0.06
Directors & relatives	6,914	0.03
<b>Total Non-Institutions (C)</b>	<b>23,79,321</b>	<b>11.76</b>
<b>Total Public Shareholding D = (B+C)</b>	<b>50,58,025</b>	<b>25.00</b>
<b>Grand Total (A+D)</b>	<b>2,02,32,085</b>	<b>100.00</b>

### 10.10 Distribution of Shareholding as on 31<sup>st</sup> March 2014:

Shareholding (Range)	No of shares	%	No of members	%
Upto 500	12,94,417	6.40	15,859	97.78
501-1000	1,39,594	0.69	191	1.18
1001-2000	1,13,453	0.56	80	0.49
2001-5000	1,49,503	0.74	46	0.28
5001-10000	1,09,496	0.54	16	0.10
10001 & above	1,84,25,622	91.07	28	0.17
<b>Total</b>	<b>2,02,32,085</b>	<b>100.00</b>	<b>16,220</b>	<b>100.00</b>

## Sundaram-Clayton Limited

### 10.11 Dematerialization of shares and liquidity:

All the promoters holding consisting of 1,51,74,060 equity shares of Rs.5/- each have been fully dematerialised. Out of 50,58,025 equity shares of Rs.5/- each held by persons other than promoters 47,86,271 shares have been dematerialized as on 31<sup>st</sup> March 2014 accounting for 94.63%.

### 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 : 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 - 47490049  
Fax : 044 - 2746 0520  
Email : [cnp@scl.co.in](mailto:cnp@scl.co.in)

#### Oragadam

Plot No. B-14, SIPCOT  
Industrial Growth Centre  
Sriperumbudur Taluk,  
Kancheepuram District - 602 105  
Tel : 044 - 6710 3300  
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  
"Jayalakshmi Estates", 1<sup>st</sup> Floor,  
No.29, Haddows Road,  
Chennai 600 006
- (ii) for any query on non-receipt of annual report : Email : [kr.raman@scl.co.in](mailto:kr.raman@scl.co.in)  
[sclshares@gmail.com](mailto:sclshares@gmail.com)
- (iii) for Investors grievance & general correspondence : Email : [r.rajaprakash@scl.co.in](mailto:r.rajaprakash@scl.co.in)  
[investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@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:

As the Company has an executive chairman, disclosure under this head is not mandatory.

However, during the year, the Ministry of Corporate Affairs (MCA) has notified certain provisions relating to selection, manner of appointment, role, functions, duties and re-appointment of independent directors (IDs) and made effective from 1<sup>st</sup> April 2014.

Accordingly, the IDs are eligible to hold office for a term of upto five consecutive years on the board and are eligible for re-appointment for the second term on passing special resolution by the Company in terms of Section 149(10) read with Section 149(5) of the Act 2013. During this period, they will not be liable to 'retire by rotation' as per Sections 150(2), 152(2) read with Schedule IV to the said the Act 2013.

It is, therefore, proposed to appoint the IDs of the Company for a period of five consecutive years at this annual general meeting in line with the requirements of the Act 2013.

### 11.2 Nomination and Remuneration Committee:

The board, at its meeting held on 29<sup>th</sup> October 2013 constituted a Nomination and Remuneration Committee as per the provisions of Section 178 of the Act 2013.

### 11.3 Shareholders' rights:

The half-yearly results of the Company are published in newspapers as soon as they are approved by the board and are also uploaded in the Company's website namely [www.sundaram-clayton.com](http://www.sundaram-clayton.com). The results are not sent to the shareholders individually.

### 11.4 Audit qualifications:

The audited financial statements of the Company are unqualified.

### 11.5 Training of board members:

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.

### 11.6 Vigil Mechanism (Whistle Blower):

The Company has not denied access to any personnel, to approach the management on any issue. The Company is in the process of formulating a policy on vigil mechanism as required under the Act 2013.

## 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:

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

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

### 12.3 Transfer of shares in physical mode:

Shareholders should fill up 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.

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 and order, are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.

### 12.5 Registration of Nominations:

Section 72 of the Act 2013 provides facility for making nominations by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go through the process of obtaining succession certificate / probate of the Will, etc.

It would, therefore, be in the best interest of the shareholders holding shares in physical form registered as a sole holder to make such nominations. Shareholders, who have not availed the nomination facility, are requested to avail the same by submitting the nomination in Form SH-13 to the Company or its share transfer department. This form will be made available on request. Investors holding shares in demat form are advised to contact their DPs 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 to receive all communications promptly.

Shareholders, holding shares in electronic form, are requested to deal only with their DPs in respect of change of address, by furnishing bank account number, etc.

### 12.7 SMS Alerts:

Shareholders 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 transaction. 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. This facility will be available to investors who request for the same and provide their mobile numbers to the DPs. Further information is available on the website of NSDL and CDSL, namely [www.nsd.co.in](http://www.nsd.co.in) and [www.cdslindia.com](http://www.cdslindia.com) respectively.

### 12.8 Timely encashment of dividends:

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

As required by SEBI, the 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.

## Sundaram-Clayton Limited

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 year ended 31<sup>st</sup> March 2007 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 will be transferred to IEPF in terms of Section 205C of the Act 1956. Accordingly, a sum of Rs.6.63 lakhs, being unclaimed dividend, was transferred to IEPF during the year.

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

### PARTICULARS OF UNCLAIMED DIVIDEND OF THE COMPANY

Financial year	Date of declaration	Date of transfer to special account	Due date of transfer to IEPF
2006-2007 (Final)	03.10.2007	08.11.2007	08.11.2014
2007-2008 (1 <sup>st</sup> Interim)	30.10.2007	05.12.2007	05.12.2014
2007-2008 (2 <sup>nd</sup> Interim)	18.08.2008	23.09.2008	23.09.2015
2008-2009 (1 <sup>st</sup> Interim)	08.12.2008	13.01.2009	13.01.2016
2008-2009 (Final)	29.09.2009	04.11.2009	04.11.2016
2009-2010 (1st interim)	25.01.2010	02.03.2010	02.03.2017
2009-2010 (2 <sup>nd</sup> Interim)	13.08.2010	18.09.2010	18.09.2017
2010-2011 (1 <sup>st</sup> Interim)	28.01.2011	05.03.2011	05.03.2018
2010-2011 (2 <sup>nd</sup> Interim)	12.08.2011	17.09.2011	17.09.2018
2011-2012 (Interim)	20.04.2012	26.05.2012	26.05.2019
2012-2013 (1 <sup>st</sup> Interim)	08.02.2013	16.03.2013	16.03.2020
2012-2013 (2 <sup>nd</sup> Interim)	08.05.2013	06.06.2013	06.06.2020
2013-2014 (1 <sup>st</sup> Interim)	29.10.2013	27.11.2013	27.11.2020
2013-2014 (2 <sup>nd</sup> Interim)	18.03.2014	16.04.2014	16.04.2021

#### 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 the third and final reminder letters to the shareholders, whose share certificates were returned undelivered or unclaimed. Action is being taken to transfer the shares remaining unclaimed to "Unclaimed Suspense Account" to comply with the requirement of this clause of the Listing Agreement.

#### 12.10 Green initiative in corporate governance:

Rule 11 of the Companies (Accounts) Rules, 2014, permits circulation of annual report through electronic means to such of the members, whose e-mail addresses are registered with NSDL or CDSL or with the Company to receive the documents in electronic form and physical copies to those shareholders, whose e-mail ids have not been either registered with the Company or with the DPs.

To support this green initiative of the Government, members are requested to register their e-mail addresses and also intimate changes, if any, with the DPs, in case shares are held in dematerialized form and with the share transfer department of the Company, in case the shares are held in physical form.

## ***Sundaram-Clayton Limited***

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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 2014.

Chennai  
14<sup>th</sup> May 2014

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 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Stakeholders' Relationship 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  
14<sup>th</sup> May 2014

## Sundaram-Clayton Limited

### Independent Auditors' Report to the shareholders of Sundaram-Clayton Limited, Chennai for the year ended 31<sup>st</sup> March 2014

To the Members of  
Sundaram-Clayton Limited  
Jayalakshmi Estates, No.29 Haddows Road, Chennai - 600006.

#### Report on the Financial Statements

We have audited the accompanying financial statements of Sundaram-Clayton Limited, Chennai ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2014, the Statement of Profit and Loss and Cash Flow statement for the year ended on that date along with Notes on accounts.

#### Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the

information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2014;
- b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, and on basis of such checks of books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Act, we report that:
  - a) 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;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; and
  - e) on the basis of the written representations received from the directors as on 31<sup>st</sup> March 2014, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2014, from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Act.

For Sundaram & Srinivasan  
Chartered Accountants  
Firm Regn. No.: 004207S

M. BALASUBRAMANIAM  
Partner  
Membership No.: F7945

Place : Chennai  
Date : 14<sup>th</sup> May 2014

**Annexure referred to in our report of even date on the accounts for the year ended 31<sup>st</sup> March 2014**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified by the management in accordance with a regular programme at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year are not substantial and therefore do not affect the going concern status of the Company.
- (ii) (a) The inventory has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of such verification is adequate. The physical verification plan with regard to overseas inventory are planned to cover all the warehouses once in a cycle of three years. 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 book stocks were not material and have been properly dealt with in the books of account.
- (iii) (a) During the year the Company has not granted any loans or advances, to Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) During the year the Company has not availed any loan from any party 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, transactions entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value by rupees five lakhs during the year in respect of each party 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 during the year.
- (vii) The Company has an internal audit system, which in our opinion is adequate commensurate with its 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. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the records provided to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. However, there have been a few delays in respect of service tax remittances. The die casting division at Belagondapalli, Hosur is not covered under Employees' State Insurance Act, 1948.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31<sup>st</sup> March 2014 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 crores)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	(a) 4.38	Commissioner of Income Tax (Appeals), Chennai
		(b) 0.50	The Hon'ble High Court of Judicature at Madras
Total		4.88	
Central Excise Act, 1944	Excise duty	0.62	The Hon'ble High Court of Judicature at Madras
Finance Act, 1994	Service tax	(a) 3.19	Central Excise and Service Tax Appellate Tribunal, Chennai
		(b) 0.35	Commissioner (Appeals), Chennai
Total		3.54	
Tamilnadu Town and Country Planning Act, 1971	Fee payable to CMDA / Municipal Authorities	0.69	The Hon'ble High Court of Judicature at Madras

- (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 financial year.
- (xi) Based on our verification and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to 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 and are held as long-term investments.
- (xv) In our opinion, the terms and conditions of guarantees availed by the Company for loans availed by others are not prejudicial to the interest of the Company.
- (xvi) The term loans availed by the Company were utilised 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 allotted 12,64,501 numbers of equity shares on preferential basis to Qualified Institutional Buyers as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 for complying with the requirement of minimum public share holding of 25% of the paid-up capital. However, these parties are not covered under Section 301 of the Companies Act, 1956.
- (xix) During the year the Company has not issued any secured debenture.
- (xx) During the year the Company has not raised any money by public issue. However, the Company has issued 12,64,501 numbers of equity shares through Institutional Placement Programme as detailed in point no. (xviii) above.
- (xxi) Based on the audit procedures adopted and information and explanations given to us by the management, no fraud on or by the company has been noticed or reported during the course of our audit.

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

M. BALASUBRAMANIAM  
Partner  
Membership No. F7945

Chennai  
14<sup>th</sup> May 2014

## Sundaram-Clayton Limited

### Balance Sheet as at 31<sup>st</sup> March 2014

		(Rupees in crores)	
	Note number	As at 31.03.2014	As at 31.03.2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	I	10.12	9.48
(b) Reserves and surplus	II	333.51	282.58
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	III	96.30	129.92
(b) Deferred tax liabilities (Net)		18.52	16.89
(c) Long-term provisions	IV	15.44	13.77
<b>3 Current liabilities</b>			
(a) Short-term borrowings	V	203.11	257.58
(b) Trade payables		138.28	107.41
(c) Other current liabilities	VI	97.67	68.77
(d) Short-term provisions	VII	31.65	27.61
<b>Total</b>		944.60	914.01
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	VIII	396.97	396.28
(ii) Intangible assets	VIII	0.35	0.26
(iii) Capital work-in-progress	VIII	8.55	12.26
(b) Non-current investments	IX	55.95	56.21
(c) Long-term loans and advances	X	21.98	23.38
<b>2 Current assets</b>			
(a) Inventories	XI	189.45	200.55
(b) Trade receivables	XII	182.16	160.78
(c) Cash and cash equivalents	XIII	5.42	2.14
(d) Short-term loans and advances	XIV	81.75	59.20
(e) Other current assets	XV	2.02	2.95
<b>Total</b>		944.60	914.01
Accounting Standards, additional disclosures and notes on accounts	XXII		

VENU SRINIVASAN  
*Chairman & Managing Director*

DR LAKSHMI VENU  
*Director - Strategy*

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

Chennai  
14<sup>th</sup> May 2014

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 2014

		(Rupees in crores)	
	Note number	Year ended 31.03.2014	Year ended 31.03.2013
I	Revenue from operations	1,278.51	1,088.51
	Less: Excise duty and service tax	81.75	69.95
		1,196.76	1,018.56
II	Other income	35.78	38.12
III	Total Revenue (I + II)	1,232.54	1,056.68
IV	Expenses:		
	Cost of materials consumed	596.10	525.07
	Changes in inventories of finished goods, work-in-process and Stock-in-Trade	(1.62)	(7.15)
	Employee benefits expense	155.20	132.93
	Finance costs	35.65	44.32
	Depreciation and amortization expense	53.21	51.25
	Other expenses	339.04	277.96
	Total expenses	1,177.58	1,024.38
V	Profit before exceptional items and tax (III-IV)	54.96	32.30
VI	Exceptional item - Profit on sale of land	5.83	-
VII	Profit before tax (V + VI)	60.79	32.30
VIII	Tax expense:		
	(1) Current tax	5.50	-
	(2) Deferred tax	1.63	(3.12)
IX	Profit for the year (VII-VIII)	53.66	35.42
	Earnings per equity share [Vide Note No XXII (1) (t)] :		
	Face Value Rs.5/- each.		
	(1) Basic (in Rs.)	27.00	18.67
	(2) Diluted (in Rs.)	27.00	18.67
	Accounting Standards, additional disclosures and notes on accounts	XXII	

VENU SRINIVASAN  
*Chairman & Managing Director*

DR LAKSHMI VENU  
*Director - Strategy*

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

Chennai  
14<sup>th</sup> May 2014

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 31.03.2014		As at 31.03.2013	
	Number	Rupees in crores	Number	Rupees in crores
<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	25.00	5,00,00,000	25.00
<b>Issued,Subscribed &amp; Paid up Capital</b>				
Equity Shares of Rs.5/- each fully paid	2,02,32,085	10.12	1,89,67,584	9.48

Out of the above:

Equity shares allotted as fully paid up by way of bonus shares in the five years immediately preceding the date of Balance Sheet:

- a) Number of shares - 1,89,67,584
- b) Year of allotment - Year ended 31<sup>st</sup> March, 2010.

- (b) Reconciliation of equity shares outstanding at the beginning and at the end of 31<sup>st</sup> March 2014

Shares outstanding at the beginning of the year	1,89,67,584	9.48	1,89,67,584	9.48
Shares Issued during the year - Institutional Placement Programme	12,64,501	0.64	-	-
Shares outstanding at the end of the year	2,02,32,085	10.12	1,89,67,584	9.48

- (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 2014

Name of Shareholder	Relationship	Class of Shares	As at 31.03.2014		As at 31.03.2013	
			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	18.82	38,07,330	20.07
Sundaram Industries Limited - Madurai	Fellow Subsidiary	Equity	60,62,522	29.96	60,62,522	31.96
Southern Roadways Limited - Madurai	Fellow Subsidiary	Equity	30,31,127	14.98	30,31,127	15.98

- (e) Details of shareholders holding more than five percent at the end of 31<sup>st</sup> March 2014 (other than I (d) above)

Name of Shareholder	Class of Shares	As at 31.03.2014		As at 31.03.2013	
		No. of shares held	% of holding	No. of shares held	% of holding
Sundaram Finance Limited - Chennai	Equity	22,73,081	11.24	22,73,085	11.98

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

Particulars	(Rupees in crores)	
	As at 31.03.2014	As at 31.03.2013
<b>II. RESERVES AND SURPLUS</b>		
<b>a. Securities Premium</b>		
Opening Balance	–	–
Add: On shares issued during the year	36.42	–
Closing Balance	(a) <u>36.42</u>	<u>–</u>
<b>b. General Reserve</b>		
Opening Balance	214.09	210.55
Add: Transfer from the Statement of Profit and Loss	5.37	3.54
Closing Balance	(b) <u>219.46</u>	<u>214.09</u>
<b>c. Surplus i.e. balance in Statement of Profit and Loss</b>		
Opening balance	68.49	63.16
Add: Net Profit for the current year	53.66	122.15
Less: Allocations / Appropriations		<u>35.42</u>
First interim dividend	18.21	17.07
Second interim dividend	7.59	9.48
Third interim dividend payable	13.15	–
Dividend tax paid *	0.20	–
Transfer to general reserve	5.37	3.54
Closing Balance	(c) <u>77.63</u>	<u>68.49</u>
Total (d) = (a + b + c)	<u>333.51</u>	<u>282.58</u>
* The Company has paid dividend distribution tax after taking credit for the dividend distribution tax paid by one of the subsidiary companies on the dividend declared as per Section 115-O (1A) of the Income Tax Act, 1961		
<b>III. LONG-TERM BORROWINGS</b>		
<b>(a) Secured</b>		
Term loans		
From banks	92.10	126.92
<b>(b) Unsecured</b>		
Other than banks	4.20	3.00
<b>Total</b>	<u>96.30</u>	<u>129.92</u>

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

(Rupees in crores)

Total of loans repayable	Loans repayable in 2013-14 (Current maturity)	Balance long term loans as at 31-03-2013	Description	Frequency	No. of instalments due	Maturity	Total of loans repayable	Loans repayable in 2014-15 (Current maturity)	Balance long term loans as at 31-03-2014
42.86	14.29	28.57	Rupee Term Loan I	Quarterly	8	February 2016	28.57	14.29	14.28
37.50	12.50	25.00	Rupee Term Loan II	Half Yearly	4	March 2016	25.00	12.50	12.50
45.00	–	45.00	Rupee Term Loan III	Quarterly	12	December 2017	70.00	5.84	64.16
28.35	–	28.35	Buyer's credit	Bullet payment	NIL	July 2014 to April 2015	31.29	30.13	1.16
153.71	26.79	126.92	Sub-total				154.86	62.76	92.10
3.00	–	3.00	Soft loan - Unsecured	Yearly			4.20	–	4.20
156.71	26.79	129.92	Total				159.06	62.76	96.30

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

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

Details of securities created

- (i) Rupee Term Loans:  
Secured by first and exclusive charge on specific plant and equipment situated at the Company's factories.
- (ii) Buyer's credit  
Secured by exclusive charge on specific plant and equipment.
- (iii) Soft loan is 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".

Amount payable in each instalment

Description	Currency	Amount
Term Loan I	INR	3.573 crores
Term Loan II	INR	6.250 crores
Term Loan III	INR	5.840 crores

(Rupees in crores)

As at 31.03.2014

As at 31.03.2013

#### IV. LONG-TERM PROVISIONS

(a) Employee benefits		
(i) Pension	11.14	10.02
(ii) Leave salary	2.35	1.80
(b) Others		
Sales Tax	1.95	1.95
<b>Total</b>	<b>15.44</b>	<b>13.77</b>

#### V. SHORT-TERM BORROWINGS

(a) Secured		
From banks- Repayable on demand	126.04	211.09
(b) Unsecured		
From banks	77.07	46.49
<b>Total</b>	<b>203.11</b>	<b>257.58</b>

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

First charge by way of hypothecation 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 in all plants.

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

		(Rupees in crores)	
		As at 31.03.2014	As at 31.03.2013
<b>VI. OTHER CURRENT LIABILITIES</b>			
(a)	Current maturities of long-term debt		
	Term loans	62.76	26.79
(b)	Interest accrued but not due on borrowings	4.23	2.57
(c)	Unpaid dividends	0.71	0.55
(d)	Others		
	(i) Tax deducted at source payable	1.74	1.60
	(ii) Sales tax payable	2.14	1.77
	(iii) Employee related	11.85	7.40
	(iv) For expenses	6.44	10.13
	(v) Advance received	7.80	17.96
<b>Total</b>		<b>97.67</b>	<b>68.77</b>
<b>VII. SHORT-TERM PROVISIONS</b>			
(a)	Employee benefit - Pension	13.77	12.54
(b)	Employee benefit - Leave salary	1.07	1.14
(c)	Warranty	3.66	2.96
(d)	Interim dividend payable	13.15	9.48
(e)	Provision for taxation (net of advance tax - PY Rs.11.91 crores)	–	1.49
<b>Total</b>		<b>31.65</b>	<b>27.61</b>

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

(Rupees in crores)

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/ 2014	31/03/ 2013	31/03/ 2014	31/03/ 2013	31/03/ 2014	31/03/ 2013
Cost of assets													
As at 01-04-2013	3.53	10.74	104.77	543.25	7.66	13.64	14.83	698.42	566.42	4.22	3.71	702.64	570.13
Additions#	–	–	2.32	47.48	0.28	2.57	1.50	54.15	145.35	0.66	0.51	54.81	145.86
Sub-total	3.53	10.74	107.09	590.73	7.94	16.21	16.33	752.57	711.77	4.88	4.22	757.45	715.99
Sales / Deletion / Amortisation	(0.19)	(0.11)	**	(1.89)	(0.04)	(1.41)	(0.15)	(3.79)	(13.35)	–	–	(3.79)	(13.35)
<b>Total</b>	3.34	10.63	107.09	588.84	7.90	14.80	16.18	748.78	698.42	4.88	4.22	753.66	702.64
Depreciation and amortisation													
Upto 31-03-2013	–	–	16.49	269.32	3.02	9.47	3.84	302.14	256.89	3.96	2.92	306.10	259.81
For the year	–	–	3.33	45.80	0.44	1.75	1.32	52.64	50.21	0.57	1.04	53.21	51.25
Sub-total	–	–	19.82	315.12	3.46	11.22	5.16	354.78	307.10	4.53	3.96	359.31	311.06
Withdrawn on assets sold / deleted	–	–	–	(1.48)	(0.04)	(1.32)	(0.13)	(2.97)	(4.96)	–	–	(2.97)	(4.96)
<b>Total</b>	–	–	19.82	313.64	3.42	9.90	5.03	351.81	302.14	4.53	3.96	356.34	306.10
Written down value													
As at 31-03-2014	3.34	10.63	87.27	275.20	4.48	4.90	11.15	396.97	–	0.35	–	397.32	–
As at 31-03-2013	3.53	10.74	88.28	273.93	4.64	4.17	10.99	–	396.28	–	0.26	–	396.54
<b>CAPITAL WORK-IN-PROGRESS (AT COST)</b>													
(a)	Building											0.12	0.31
(b)	Plant & equipment											8.43	11.95
<b>Total</b>												8.55	12.26

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

\*\* Charged under the head Rent paid.

# Addition includes loss arising on account of restatement of foreign currency borrowing attributable to acquisition of plant and equipment amounting to Rs.2.97 crores (previous year - Rs.4.86 crores) - vide notes on accounts Note No. XXII (1)(k) under Accounting Standard -11.

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

Particulars	(Rupees in crores)	
	As at 31.03.2014	As at 31.03.2013
<b>IX. NON-CURRENT INVESTMENTS</b>		
<b>A Trade Investments</b>		
(a) Investments in Equity instruments	27.06	27.07
(b) Investments in Preference shares	10.00	10.01
(c) Investments in Private equity instruments	9.68	9.68
Total - Trade Investments (A)	46.74	46.76
<b>B Other Investments</b>		
Employees' pension related investments	9.21	9.45
Total Other Investments (B)	9.21	9.45
<b>Total (A + B)</b>	55.95	56.21

#### 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 crores	
			As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
<b>A. Trade Investments</b>								
(a)	Investment in Equity Instruments - Fully paid-up							
	(i) Quoted							
	TVS Motor Company Limited, Chennai	Subsidiary	27,26,82,786	27,26,82,786	57.40	57.40	19.59	19.59
	Suprajit Engineering Limited, Bengaluru	Others	57,72,000	57,72,000	-	-	0.43	0.43
	Harita Seating Systems Limited, Chennai	Others	7280	7280	-	-	0.04	0.04
	(ii) Unquoted							
	Green Infra BTV Limited, Chennai (formerly TVS Energy Limited)	Others	45,00,000	45,00,000	5.54	5.54	4.50	4.50
	Sundaram-Clayton (USA) Limited, Illinois, USA (Cost Rs.5572.75)	Subsidiary	100	100	100	100	-	-
	TVS Training and Services Limited, Chennai	Associate	20,00,000	20,00,000	43.96	43.96	2.00	2.00
	Chennai Business Consulting Services Limited, Chennai	Others	-	78,00,000	-	-	-	0.01
	Sundram Non-Conventional Energy Systems Limited, Chennai	Associate	1,17,650	1,17,650	23.53	23.53	0.12	0.12
	Sai Regency Power Corporation Private Limited, Chennai (vide note no XXII (1) (m) - AS 13)	Others	3,75,000	3,75,000	-	-	0.38	0.38
	<b>Total (a)</b>						27.06	27.07
(b)	Investment in Preference shares - Fully paid-up							
	Unquoted							
	Chennai Business Consulting Services Limited, Chennai - 6% Non-Cumulative Non convertible Redeemable Preference Shares	Others	-	75,68,000	-	-	-	0.01
	TVS Finance and Services Limited, Chennai - 9 % Non-Cumulative Non convertible Redeemable Preference Shares (Cost Rs.57,347)	Others	-	57,34,650	-	-	-	-
	TVS Motor Services Limited, Chennai - Non-Cumulative Redeemable Preference Shares	Others	1,00,00,000	1,00,00,000	-	-	10.00	10.00
	<b>Total (b)</b>						10.00	10.01
(c)	Investments in Private equity instruments - Unquoted							
	TVS Shriram Growth fund Scheme 1 of TVS Capital Funds Limited, Chennai	Others	85,516.22	85,516.22	-	-	8.55	8.55
	TVS Shriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai (vide note no.XXII(5)(ii))	Others	11,250	11,250	-	-	1.13	1.13
	<b>Total (c)</b>						9.68	9.68
	<b>Total A (a+b+c)</b>						46.74	46.76



## Sundaram-Clayton Limited

### Notes on accounts – (continued)

	(Rupees in crores)	
	As at 31.03.2014	As at 31.03.2013
<b>XII. TRADE RECEIVABLES</b>		
(a) Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	–	1.96
(ii) Considered doubtful	2.66	3.60
	<u>2.66</u>	<u>5.56</u>
Less: Provision for doubtful debts	2.66	3.60
	–	1.96
(b) Other unsecured debts (considered good)	182.16	158.82
<b>Total</b>	<u>182.16</u>	<u>160.78</u>
<b>XIII. CASH AND CASH EQUIVALENTS</b>		
(a) Balances with banks	2.34	1.49
(b) Cheques/drafts on hand	2.32	–
(c) Cash on hand	0.05	0.10
(d) Earmarked balances with banks (for unpaid dividend)	0.71	0.55
<b>Total</b>	<u>5.42</u>	<u>2.14</u>
<b>XIV. SHORT TERM LOANS AND ADVANCES</b>		
Unsecured considered good:		
(a) Employee related	1.85	2.00
(b) Excise current account	34.22	14.16
(c) Vendor advance	28.87	31.59
(d) Prepaid Expenses	3.68	3.25
(e) Export benefit	1.44	3.78
(f) VAT receivable	1.52	2.78
(g) Service Tax receivable	2.68	1.64
(h) Advance payment of tax (net of provision of Rs.22.95 crores)	7.49	–
<b>Total</b>	<u>81.75</u>	<u>59.20</u>
<b>XV. OTHER CURRENT ASSETS</b>		
(a) Claims receivable	1.69	2.30
(b) Upfront fees on long term borrowings	–	0.28
(c) Premium on forward contracts	0.28	0.32
(d) Interest accrued on investments and Loans & advances made	0.05	0.05
<b>Total</b>	<u>2.02</u>	<u>2.95</u>

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

	(Rupees in crores)	
	Year ended 31.03.2014	Year ended 31.03.2013
<b>XVI. REVENUE FROM OPERATIONS</b>		
(a) Sale of products	1,222.79	1,046.99
(b) Sale of services #	22.31	18.02
(c) Other operating revenues	33.41	23.50
	1,278.51	1,088.51
<i># Refer Note No.XXII (11) for broad head of sale of services.</i>		
<b>XVII. OTHER INCOME</b>		
(a) Interest income	0.59	0.44
(b) Dividend		
(i) From subsidiary	34.09	35.45
(ii) From others	1.08	0.76
(c) Net gain on sale of investments	–	1.36
(d) Profit on sale of fixed assets	0.02	0.11
<b>Total</b>	35.78	38.12
<b>XVIII. MATERIAL COST</b>		
Cost of Materials consumed		
Opening stock of raw materials and components	24.93	24.83
Add: Purchases	590.19	525.17
	615.12	550.00
Less: Closing stock of raw materials and components	19.02	24.93
Cost of materials consumed	596.10	525.07
Changes in inventories of finished goods, work-in-process and stock-in-trade:		
Opening stock:		
Work-in-process	19.82	21.64
Finished goods	98.01	89.04
<b>Total (A)</b>	117.83	110.68
Closing stock:		
Work-in-process	22.95	19.82
Finished goods	96.50	98.01
<b>Total (B)</b>	119.45	117.83
Changes in inventories (A)-(B)	(1.62)	(7.15)
<i>Refer Note No. XXII (15) (I) for broad head of raw materials consumed.</i>		
<b>XIX. EMPLOYEE BENEFITS EXPENSE</b>		
(a) Salaries and wages	123.64	109.09
(b) Contribution to provident and other funds	9.90	7.30
(c) Welfare expenses	21.66	16.54
<b>Total</b>	155.20	132.93

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

	(Rupees in crores)	
	Year ended 31.03.2014	Year ended 31.03.2013
<b>XX. FINANCE COSTS</b>		
(a) Interest expense	29.19	38.23
(b) Other borrowing costs	0.57	0.57
(c) Exchange fluctuation	5.89	5.52
<b>Total</b>	35.65	44.32
<b>XXI. OTHER EXPENSES</b>		
(a) Consumption of stores, spares and tools*	85.82	74.31
(b) Power and fuel*	66.39	59.02
(c) Rent*	19.45	18.19
(d) Repairs - buildings*	15.17	12.18
(e) Repairs - plant and equipment*	22.69	16.22
(f) Repairs - others*	0.88	0.61
(g) Insurance	1.50	1.23
(h) Rates and taxes, excluding taxes on income	4.32	0.95
(i) Audit fees (Vide Note No XXII (6) in notes on accounts)	0.43	0.35
(j) Packing and freight charges*	59.70	40.20
(k) Warehousing charges	14.92	14.69
(l) Loss on sale of fixed assets	0.29	0.15
(m) Amortisation of foreign currency monetary item translation difference account	–	1.67
(n) 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)	47.48	38.19
<b>Total</b>	339.04	277.96

\* Net of recoveries

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

## Sundaram-Clayton Limited

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

(Rupees in crores)

	As at / Year ended 31.03.2014	As at / Year ended 31.03.2013
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#### PREAMBLE:

The Company is engaged mainly in the business of manufacture and sale of non ferrous gravity and pressure die castings.

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

Disclosure of contingencies as required by the Accounting Standard is furnished in Note no - 5 (i).

##### 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:

Other expenses

0.12

0.19

ii) There is no change 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 and from sale of services.

(a) Sale of products is recognised when goods are despatched through nominated logistics.

## Sundaram-Clayton Limited

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

(Rupees in crores)

As at / Year ended 31.03.2014	As at / Year ended 31.03.2013
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(b) Income from services are recognised on completion of services and when invoices are raised.

(c) Export sales are recognised on the basis of LET export certificates.

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.

**k) AS - 11 Effects of changes 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 loans 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	(2.97)	(4.86)
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".	–	(0.97)
Amortisation of "Foreign Currency Monetary Item Translation Difference Account" by crediting / (debiting) the Statement of Profit and Loss.	–	(1.67)

**a) Derivative instruments:**

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

**b) Currency Option:**

The company has entered into European Currency options contract to limit the foreign exchange risk covering the total trade credit availed for USD 5.22 Million. The cost of option is apportioned over the period of the loan under the head Finance Cost.

Net gain / (loss) on foreign exchange fluctuation credited / debited to statement of profit and loss - under Other expenses in Note no XXI.	(0.06)	(3.07)
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**l) AS - 12 Accounting for Government grants**

The Company has not received any grants from the Government.

## Sundaram-Clayton Limited

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

(Rupees in crores)

As at / Year ended 31.03.2014	As at / Year ended 31.03.2013
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**m) AS - 13 Accounting for Investments**

Investments that are intended to be held for more than a year are classified as Non-current investments.

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 1B of TVS Capital Funds Limited, Chennai, viz., 11,250 units are carried at par value of Rs.1,000/- per unit aggregating to Rs.1.13 crores. However, the Fund has declared its Net Asset Value as at 31<sup>st</sup> March 2014 at Rs.906/- per unit. Thus, there is a diminution in value to the extent of Rs.94/- per unit aggregating to Rs.0.10 crores. 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 considered 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.

Investment in equity shares of Sai Regency Power Corporation Private Limited, Chennai- 3,75,000 equity shares.

The shares are acquired subject to the Memorandum and Articles of Association of the Investee Company and is further subject to restrictions on transfer as per the said Articles of Association.

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

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

During the year there was no amalgamation.

**o) AS - 15 Employee 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.

The Company's Provident Fund is exempted under Section 17 of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Exemption was granted subject to the condition that the employer shall make good deficiency, if any, in the interest rate declared by the Trust vis-à-vis statutory rate. If any such deficiency is determined, the same will be made good by the employer.

## Sundaram-Clayton Limited

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

		(Rupees in crores)		
		As at / Year ended 31.03.2014	As at / Year ended 31.03.2013	
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 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			
		Leave salary	Pension	Gratuity
(a)	Expenses recognised in the Statement of Profit and Loss			
(i)	Current service cost	1.17	–	0.79
(ii)	Interest cost	0.21	1.80	0.84
(iii)	Expected return on plan assets	–	–	(0.97)
(iv)	Net actuarial loss /(gain) recognised in the year	(0.32)	0.64	1.46
	<b>Total</b>	<u>1.06</u>	<u>2.44</u>	<u>2.12</u>
(b)	Change in defined benefit obligation during the year ended 31 <sup>st</sup> March 2014			
(i)	Present value of obligation as at beginning of the year (01.04.2013)	2.94	22.56	10.47
(ii)	Interest cost	0.21	1.80	0.84
(iii)	Current service cost	1.17	–	0.79
(iv)	Benefits paid	(0.58)	(0.09)	(1.93)
(v)	Actuarial loss on obligation	(0.32)	0.64	1.46
(vi)	Present value of obligation as at the end of the year (31.03.2014)	<u>3.42</u>	<u>24.91</u>	<u>11.63</u>
(c)	Change in fair value of plan assets during the year ended 31 <sup>st</sup> March 2014			
(i)	Fair value of plan assets at the beginning of the year (01.04.2013)	–	–	11.34
(ii)	Expected return on plan assets	–	–	0.97
(iii)	Contributions made during the year	–	–	2.26
(iv)	Benefits paid	–	–	(1.93)
(v)	Actuarial gain on plan assets	–	–	–
(vi)	Fair value of plan assets as at the end of the year 31 <sup>st</sup> March 2014	<u>–</u>	<u>–</u>	<u>12.64</u>
(d)	Balance Sheet movements			
(i)	Value of benefit obligations / (net assets) at the beginning of the year (01-04-2013)	2.94	22.56	–
(ii)	Contributions made during the year	–	–	2.26
(iii)	Expenses	1.06	2.44	2.12
(iv)	Benefits paid	(0.58)	(0.09)	(1.93)
(v)	Value of benefit	<u>3.42</u>	<u>24.91</u>	<u>2.45</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	9.10%

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

## Sundaram-Clayton Limited

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

(Rupees in crores)

	As at / Year ended 31.03.2014	As at / Year ended 31.03.2013
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**p) AS - 16 Borrowing costs**

The borrowing cost has been treated in accordance with Accounting Standard on borrowing cost (AS 16) issued by the Institute of Chartered Accountants of India. During the year, a sum of Rs. 0.14 crores (last year Rs 1.48 crores) being interest on borrowings attributable to qualifying assets have been capitalised under the various heads.

**q) AS - 17 Segment reporting**

The Company operates in only one segment viz., Automotive Components and there are no separate reportable segments.

**r) AS - 18 Related party disclosure**

Disclosures are made as per the requirements of the standard and clarifications issued by The Institute of Chartered Accountants of India.

**s) AS -19 Accounting for leases**

The Company has taken the following assets under operating lease.

**1. Vehicle**

The lease period is for 60 months.

**The details of maturity profile of future operating lease payments are furnished below:**

a. The total of future minimum lease payments under non-cancellable operating lease for each of the following periods:		
- Not later than one year	0.34	0.57
- Later than one year and not later than five years	1.03	1.42
- 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	0.57	0.48

**2. Plant & Equipment, Electrical Equipments and other Equipments**

The lease period is for 10 years.

**The details of maturity profile of future operating lease payments are furnished below:**

a. The total of future minimum lease payments under non-cancellable operating lease for each of the following periods:		
- Not later than one year	13.66	13.54
- Later than one year and not later than five years	83.31	75.27
- Later than five years	3.62	24.22
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	13.54	11.86

**t) AS - 20 Earnings Per Share (EPS)**

Earnings per share is calculated by dividing the profit attributable to the shareholders by the weighted average number of equity shares.

Profit after tax	53.66	35.42
Number of equity shares	2,02,32,085	1,89,67,584
Face value of the share (in rupees)	5	5
Weighted average number of equity shares	1,98,82,182	1,89,67,584
Basic and diluted Earnings per share (in rupees)	27.00	18.67

The number of equity shares considered for calculation of EPS is after giving effect to the allotment of 12,64,501 numbers of equity shares issued to comply with minimum public shareholding requirement.

## Sundaram-Clayton Limited

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

(Rupees in crores)

	As at / Year ended 31.03.2014	As at / Year ended 31.03.2013
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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	36.27	33.03
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Less: Deferred tax assets

On employee related schemes		9.80	10.56
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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.		7.95	5.58
--	--	------	------

<b>Total</b>	B	17.75	16.14
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Net Deferred Tax Liability	C = A - B	18.52	16.89
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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) Green Infra Wind Power Theni Limited, (formerly known as TVS Wind Power Limited) Chennai (associate till 16.08.2013)

IV) The Company holds 43.96% of the shares of TVS Training & Services Limited, Chennai (TVSTS). Hence, TVSTS is an associate of the Company.

**x) AS - 24 Discontinuing operations**

The Company has not discontinued any operation during the year.

**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 year as depreciation	50% each year as depreciation

## Sundaram-Clayton Limited

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

		(Rupees in crores)	
		As at / Year ended 31.03.2014	As at / Year ended 31.03.2013
-	Gross carrying amounts at the beginning and at the end of the period together with additions and deletions during the year		
	Opening balance	4.22	3.71
	Additions during the year	0.66	0.51
	Total	4.88	4.22
	Amortisation		
	Opening balance	3.96	2.92
	For the year	0.57	1.04
	Total amortisation	4.53	3.96
	Closing balance	0.35	0.26
		(A)	
		(B)	
		(A - B)	
<b>aa)</b>	<b>AS - 27 Financial reporting of interest in joint ventures</b>		
	There is no joint venture.		
<b>ab)</b>	<b>AS - 28 Impairment of Assets</b>		
	The carrying amount of the assets net of accumulated depreciation as on the balance sheet date is not less than the recoverable amount of those assets.		
<b>ac)</b>	<b>AS - 29 Provisions, contingent liabilities and contingent assets</b>		
	(i) Provisions		
	The management has an estimated warranty provision of Rs. 3.66 crores (previous year - Rs. 2.96 crores)		
	(ii) Contingent liabilities		
	Amount for which the Company is contingently liable is disclosed in Note No. XXII (5).		
	(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.XXII (9)		
<b>2</b>	<b>Dues from Subsidiaries</b>		
	Debtors include due from subsidiaries		
-	Debts outstanding for a period exceeding six months	-	0.59
-	Other debts	20.21	11.75
<b>3</b>	Trade payables include amount due to micro and small scale industrial units	0.89	1.30
	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)	0.89	1.30
	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

## Sundaram-Clayton Limited

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

(Rupees in crores)		
	As at / Year ended 31.03.2014	As at / Year ended 31.03.2013
(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>4 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 amounts to 57.40% of the paid up capital of TVSM. Hence, TVSM is a subsidiary of the Company.		
b) The Company holds 100 equity shares of USD 1 each in Sundaram-Clayton (USA) Limited, Illinois, USA. This amounts to 100% of the paid up capital of that Company. Hence, it is a subsidiary of the Company.		
<b>5 (i) Contingent liability not provided for</b>		
a) On counter-guarantee given to bank	0.90	0.73
b) On letters of credit opened with banks	46.91	53.93
c) On partly paid shares (Adyar Property Holding Company Limited, Chennai - Rs.3,675/-)	–	–
d) Capital commitments not provided	14.90	9.80
e) On guarantee furnished on behalf of employees (Current year Rs.26,127/-)	–	0.01
f) On account of future export obligations (under Export Promotion Capital Goods Scheme and Advance Licence)	123.54	219.42
<b>(ii) Commitment not provided for</b>		
On commitment for capital contribution to TVS Shriram Growth Fund Scheme 1B of TVS Capital Funds Limited, Chennai	6.38	6.38
<b>6 Audit fees consist of</b>		
a) Audit fees	0.22	0.20
b) Certification fees	0.03	0.03
c) Taxation matters	0.03	0.02
d) Other services	0.11	0.07
e) Reimbursement of expenses	0.04	0.03
<b>7 Contribution to provident and other funds include</b>		
(a) Gratuity as per scheme framed by Life Insurance Corporation of India (LIC)	2.27	1.30
(b) Pension fund	0.20	0.07
(c) Deposit linked insurance as per scheme framed by LIC	0.07	0.16

## Sundaram-Clayton Limited

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

(Rupees in crores)		
	As at / Year ended 31.03.2014	As at / Year ended 31.03.2013
<b>8 Repairs include</b>		
Stores consumed	8.49	7.00
<b>9 Liability contested and not provided for</b>		
a) Excise duty	0.62	9.80
b) Service tax	4.49	4.20
c) Income tax	7.08	2.48
d) Others	0.69	0.97
<b>10 Research and development expenditure incurred and claimed under Income Tax Act, 1961</b>		
a) Revenue Expenditure - This consists of		
Salaries & wages	3.81	4.28
Materials/consumables/spares	0.80	0.15
Tools & Accessories (Current year Rs.33,000/-)	–	0.23
Repairs and maintenance	–	0.44
Testing Expenses	0.04	0.10
Software/data processing	0.11	0.10
Foreign and inland travel	0.11	0.13
Administrative and other expenses (Current year Rs.4,000/-)	–	0.06
Electricity	0.59	0.60
<b>Total - A</b>	<b>5.46</b>	<b>6.09</b>
b) Capital expenditure		
Plant & Equipment (included in total cost of additions of Rs.47.48 crores under Plant and Equipment, Dies & Jigs)	0.68	0.87
Buildings	–	1.03
<b>Total - B</b>	<b>0.68</b>	<b>1.90</b>
<b>Total expenditure (A + B)</b>	<b>6.14</b>	<b>7.99</b>
<b>11 Sale of services</b>		
a) Management services	21.61	17.25
b) Others	0.70	0.77
<b>Total</b>	<b>22.31</b>	<b>18.02</b>

## Sundaram-Clayton Limited

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

(Rupees in crores)

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

Particulars	Name of the Company	Amount outstanding as on 31-03-2014	Maximum amount due at any time during the year	Amount outstanding as on 31-03-2013
a) Loans and advances				
(i) Loans and advances in the nature of loans made to subsidiary company	NIL	–	–	–
(ii) Loans and advances in the nature of loans made to associate Company	NIL	–	–	–
(iii) Loans and advances in the nature of loans where there is				
1) no repayment schedule or repayment beyond seven years (or)	NIL	–	–	–
2) no interest or interest below Section 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 Motor Company Limited, Chennai (27,26,82,786 equity shares of Re.1/- each fully paid up)	19.59	19.59	19.59
	Sundaram-Clayton (USA) Limited, Illinois, USA (100 equity shares of USD 1 each fully paid up)	0.001	0.001	0.001
(ii) In associate companies				
	Sundram Non-Conventional Energy Systems Limited, Chennai (1,17,650 Equity shares of Rs 10/- each fully paid-up)	0.12	0.12	0.12
	TVS Training and Services Limited, Chennai (20,00,000 Equity shares of Rs 10/- each fully paid-up)	2.00	2.00	2.00

## **Sundaram-Clayton Limited**

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

#### **13 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   |
| c) Subsidiary companies | <ul style="list-style-type: none"><li>(i) TVS Motor Company Limited, Chennai (TVSM)</li><li>(ii) Sundaram Auto Components Limited, Chennai - Subsidiary of TVSM</li><li>(iii) Sundaram Business Development Consulting (Shanghai) Co. Ltd, China- Subsidiary of TVSM</li><li>(iv) Sundaram-Clayton (USA) Limited, Illinois, USA</li><li>(v) TVS Housing Limited, Chennai - Subsidiary of TVSM</li><li>(vi) TVS Motor (Singapore) Pte. Limited, Singapore (TVSM Singapore) - Subsidiary of TVSM</li><li>(vii) PT TVS Motor Company Indonesia, Jakarta - Subsidiary of TVSM Singapore</li><li>(viii) TVS Motor Company (Europe) B.V. Amsterdam (TVSM Europe) - Subsidiary of TVSM</li><li>(ix) Green Infra BTV Limited (up to 16.08.2013) (previously known as TVS Energy Limited)</li><li>(x) Green Infra Wind Energy Theni Limited (up to 16.08.2013)<br/>(previously known as TVS Wind Energy Limited)</li><li>(xi) Green Infra Wind Power Theni Limited (up to 16.08.2013)<br/>(previously known as TVS Wind Power Limited)</li></ul> |
| d) Fellow Subsidiaries  | <ul style="list-style-type: none"><li>(I) Indian Companies<ul style="list-style-type: none"><li>(i) Lucas Indian Service Limited, Chennai</li><li>(ii) Lucas-TVS Limited, Chennai</li><li>(iii) NK Telecom Products Limited, Madurai</li><li>(iv) NK Telesystems Limited, Madurai</li><li>(v) NSM Holdings Limited, Madurai</li><li>(vi) Rajgarhia Automobile Solution Limited, Kolkata</li><li>(vii) Southern Roadways Limited, Madurai</li><li>(viii) Sundaram Industries Limited, Madurai</li><li>(ix) Sundaram Textiles Limited, Madurai</li><li>(x) The Associated Auto Parts Limited, Mumbai</li><li>(xi) TVS Automobile Solutions Limited, Madurai</li><li>(xii) TVS Automotive Systems Limited, Chennai</li><li>(xiii) TVS Interconnect Systems Limited, Madurai</li></ul></li></ul>  |

## **Sundaram-Clayton Limited**

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

- |  |   |
|--|---|
| d) Fellow Subsidiaries (continued)   | <ul style="list-style-type: none"><li>(xiv) Prime Property Holdings Limited, Chennai</li><li>(xv) Sundaram Investment Limited, Chennai</li><li>(xvi) Sundaram Engineering Products Services Limited, Chennai</li><li>(xvii) TVS Capital Funds Limited, Chennai<br/>(Previously known as TVS Investments Limited)</li><li>(xviii) TVS Electronics Limited, Chennai</li><li>(xix) TVS-E Access (India) Limited, Chennai</li><li>(xx) Pusam Rubber Products Limited, Madurai</li><li>(xxi) Uthiram Rubber Products Limited, Madurai (from 06.05.2013)</li><li>(xxii) Essex Automobile Solutions Limited, Gujarat</li><li>(xxiii) TVS Insurance Broking Limited, Chennai<br/>(Previously known as Navratna Insurance Broking Limited, Coimbatore)</li><li>(xxiv) Focuz Automobile Services Limited, Kerala</li><li>(xxv) GS Automotive Service Equipments (Chennai) Limited, Madurai</li><li>(xxvi) TVS All Car Services Private Limited (Previously known as<br/>SANRAV Automobile Solutions (Chennai) Private Limited), Madurai</li><li>(xxvii) NCR Autocars Limited, New Delhi (from 13.05.2013)</li><li>(xxviii) SNS Warranty Solutions Limited, Madurai (from 26.12.2013)</li><li>(xxix) Gallant E-Access Private Limited, New Delhi (from 18.02.2014)</li><li>(xxx) TVS Training and Services Limited, Chennai</li><li>(xxxi) Tumkur Property Holdings Limited, Chennai (upto 01.11.2013)</li></ul> |
|  | (II) Overseas Company<br>Sundaram Lanka Tyres Limited, Sri Lanka  |
| e) Associate companies   | <ul style="list-style-type: none"><li>(i) Sundram Non-Conventional Energy Systems Limited, Chennai</li><li>(ii) TVS Training and Services Limited, Chennai</li><li>(iii) Emerald Haven Realty Limited, Chennai</li></ul>  |
| f) Key Management Personnel (KMP)  | <ul style="list-style-type: none"><li>(i) Mr Venu Srinivasan, Chairman and Managing Director</li><li>(ii) Dr Lakshmi Venu, Director - Strategy</li></ul>  |
| g) Relatives of KMP  | <ul style="list-style-type: none"><li>(i) Mrs Mallika Srinivasan</li><li>(ii) Mr Sudarshan Venu, Director</li></ul>   |
| h) Enterprise over which KMP and their relatives have significant influence. | Harita-NTI Limited, Chennai   |

## Sundaram-Clayton Limited

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

#### 14 Related party transactions

(Rupees in crores)

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 Limited, Madurai Harita NTI Limited, Chennai	0.03	–	–	–	–	–	–	0.03
			–	–	–	–	3.16	–	–	3.16
			0.03	–	–	–	3.16	–	–	3.19
			(0.12)	(0.20)	–	–	(2.62)	–	–	(2.94)
2	Sale of goods (including sub contract charges)	TVS Motor Company Limited, Chennai Sundaram Auto Components Limited, Chennai	–	201.72	–	–	–	–	–	201.72
			–	0.02	–	–	–	–	–	0.02
			–	201.74	–	–	–	–	–	201.74
			–	(168.53)	–	–	–	–	–	(168.53)
3	Purchase of power	Sundram Non-Conventional Energy Systems Limited, Chennai Green Infra BTV Limited (Previously known as TVS Energy Limited), Chennai (up to 16.08.2013)	–	–	–	0.79	–	–	–	0.79
			–	5.53	–	–	–	–	–	5.53
			–	5.53	–	0.79	–	–	–	6.32
			–	(10.83)	–	(0.83)	–	–	–	(11.66)
4	Rendering of services	TVS Motor Company Limited, Chennai Sundaram Auto Components Limited, Chennai TVS Electronics Limited, Chennai Green Infra BTV Limited, Chennai (up to 16.08.2013) Emerald Haven Realty Limited, Chennai Sundaram Investment Limited, Chennai Sundram Non-Conventional Energy Systems Limited (Rs.48,000/-)	–	18.64	–	–	–	–	–	18.64
			–	2.80	–	–	–	–	–	2.80
			–	–	0.07	–	–	–	–	0.07
			–	0.56	–	–	–	–	–	0.56
			–	–	–	0.10	–	–	–	0.10
			–	–	0.05	–	–	–	–	0.05
			–	–	–	–	–	–	–	–
			–	22.00	0.12	0.10	–	–	–	22.22
			–	(18.26)	(0.10)	–	(0.23)	–	–	(18.59)
5	Receiving of services	Sundaram Auto Components Limited, Chennai Sundaram-Clayton (USA) Limited, Illinois, USA T V Sundram Iyengar & Sons Limited, Madurai TVS Training and Services Limited, Chennai TVS Motor Company Limited, Chennai TVS Electronics Limited, Chennai	–	0.12	–	–	–	–	–	0.12
			–	0.04	–	–	–	–	–	0.04
			0.08	–	–	–	–	–	–	0.08
			–	–	–	0.05	–	–	–	0.05
			–	0.52	–	–	–	–	–	0.52
			–	–	0.89	–	–	–	–	0.89
			0.08	0.68	0.89	0.05	–	–	–	1.70
			–	(0.16)	(0.31)	–	–	–	–	(0.47)

## Sundaram-Clayton Limited

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

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

(Rupees in crores)

Sl. No	Nature of transactions	Name of the Company	Holding Company	Subsidiaries	Fellow Subsidiary	Associates	KMP– Significant influence	KMP	Relative of KMP	Total
6	Lease rent	Sundram Non-Conventional Energy Systems Limited, Chennai (Rs.48,000/-)	–	–	–	(0.01)	–	–	–	(0.01)
7	Remuneration paid		–	–	–	–	–	1.88	–	1.88
			–	–	–	–	–	(1.71)	–	(1.71)
8	Investments made	TVS Training & Services Limited, Chennai	–	–	–	–	–	–	–	–
			–	–	–	( 1.50)	–	–	–	(1.50)
9	Dividend received	Sundram Non-Conventional Energy Systems Limited, Chennai	–	–	–	0.60	–	–	–	0.60
		TVS Motor Company Limited, Chennai	–	34.09	–	–	–	–	–	34.09
			–	34.09	–	0.60	–	–	–	34.69
			–	(35.45)	–	(0.35)	–	–	–	(35.80)
10	Outstanding as on 31 <sup>st</sup> March 2014 Receivables	TVS Motor Company Limited, Chennai	–	20.00	–	–	–	–	–	20.00
		TVS Electronics Limited, Chennai	–	–	0.02	–	–	–	–	0.02
		Sundaram Auto Components Limited, Chennai	–	0.03	–	–	–	–	–	0.03
		TVS Capital Funds Limited, Chennai (Rs.44,729/-)	–	–	–	–	–	–	–	–
		Emerald Haven Realty Limited, Chennai (Rs.17,472/-)	–	–	–	–	–	–	–	–
		Green Infra BTV Limited (Rs.5,618/-)	–	–	–	–	–	–	–	–
		Green Infra Wind Power Theni Limited (Rs.5,618/-)	–	–	–	–	–	–	–	–
		Green Infra Wind Energy Theni Limited (Rs.5,618/-)	–	–	–	–	–	–	–	–
		Sundaram Investment Limited, Chennai	–	–	0.01	–	–	–	–	0.01
		Sundaram Engineering Products Services Limited (Rs.32,665/-)	–	–	–	–	–	–	–	–
		Harita NTI Limited, Chennai (Rs.80,484/-)	–	–	–	–	0.01	–	–	0.01
			–	20.03	0.03	–	0.01	–	–	20.07
			–	(12.34)	(0.10)	(0.16)	(0.23)	–	–	(12.83)
11	Payables	TVS Electronics Limited, Chennai	–	–	0.07	–	–	–	–	0.07
		Sundram Non-Conventional Energy Systems Limited, Chennai	–	–	–	0.02	–	–	–	0.02
		Harita NTI Limited, Chennai	–	–	–	–	0.30	–	–	0.30
			–	–	0.07	0.02	0.30	–	–	0.39
			(0.02)	(0.05)	–	(0.02)	(0.16)	–	–	(0.25)

Previous year's figures are furnished in brackets

## Sundaram-Clayton Limited

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

	(Rupees in crores)	
	Year ended 31.03.2014	Year ended 31.03.2013
<b>15</b>		
<b>I. RAW MATERIALS CONSUMED</b>		
1. a) Basic raw materials		
Aluminium alloys and ingots	573.02	498.17
b) Intermediates and components (which individually do not account for 10% or more of the total value of consumption)	23.08	26.90
	<u>596.10</u>	<u>525.07</u>
	% of total consumption	% of total consumption
2. Consumption of raw materials and components		
a) Imported	74	61
b) Indigenous	26	39
	<u>100</u>	<u>100</u>
	<u>596.10</u>	<u>525.07</u>
<b>II. CONSUMPTION OF MACHINERY SPARES</b>		
a) Imported	6	27
b) Indigenous	94	73
	<u>100</u>	<u>100</u>
	<u>2.04</u>	<u>1.28</u>
<b>III. IMPORTS (CIF value)</b>		
a) Raw materials	452.99	368.11
b) Spares, stores and components	15.29	13.73
c) Capital goods	6.67	25.52
<b>IV. EXPENDITURE IN FOREIGN CURRENCY</b>		
a) Travel	0.73	0.96
b) Consultancy	2.29	2.53
c) Legal and trade marks	3.50	1.47
d) Subscriptions	0.20	0.12
e) Computer software	0.10	–
f) Rework charges	1.66	2.12
g) Interest on foreign currency loan	1.78	6.40
h) Warehousing fees	14.33	12.45
i) Salaries	2.10	2.47
j) Insurance	0.21	0.17
k) Rent	0.11	0.16
l) Discounts	–	2.76
m) Others	1.43	1.07

## Sundaram-Clayton Limited

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

	Year ended 31.03.2014	(Rupees in crores) Year ended 31.03.2013
<b>V. EARNINGS IN FOREIGN EXCHANGE</b>		
a) Exports (on FOB basis)	516.95	424.55
b) Freight recovery	52.82	32.28
c) Insurance recovery	0.11	0.04

**16** Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

	<b>venu srinivasan</b> <i>Chairman &amp; Managing Director</i>	<b>DR LAKSHMI VENU</b> <i>Director - Strategy</i>	As per our report annexed For SUNDARAM & SRINIVASAN <i>Chartered Accountants</i> Firm Regn. No. 004207S
Chennai 14 <sup>th</sup> May 2014	<b>V N VENKATANATHAN</b> <i>Executive Vice-President (Finance)</i>	<b>R RAJA PRAKASH</b> <i>Company Secretary</i>	<b>M BALASUBRAMANIAM</b> <i>Partner</i> Membership No. F7945

## Sundaram-Clayton Limited

### Cash Flow Statement for the year ended 31<sup>st</sup> March 2014

	(Rupees in crores)	
	Year ended 31.03.2014	Year ended 31.03.2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	60.79	32.30
Adjustments for:		
Depreciation and amortisation for the year	53.21	51.25
Other Non Cash Items		
Amortisation of Foreign Currency Monetary Item Translation Difference Account	–	1.67
Exceptional Income	(5.83)	–
Loss on sale/scraping of fixed assets	0.29	0.15
Profit on sale of fixed assets	(0.02)	(0.11)
Net (profit)/ loss on sale of investments	–	(1.36)
Dividend income	(35.17)	(36.21)
Interest income	(0.59)	(0.44)
Interest expense	29.19	38.23
	41.08	53.18
<b>Operating profit before working capital changes</b>	101.87	85.48
Adjustments for:		
Trade Receivables	(21.38)	(2.25)
Inventories	11.10	(8.85)
Other current assets	0.93	0.91
Short-term loans and advances	(15.06)	23.63
Trade Payables	30.87	5.76
Other current liabilities (excluding current maturities of debt)	(7.07)	(26.95)
Short-Term Provisions	1.86	0.48
	1.25	(7.27)
Cash generated from operations	103.12	78.21
Direct taxes paid	(12.19)	(3.48)
<b>Net cash from operating activities</b> (A)	90.93	74.73
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to fixed assets (including Capital work in progress)	(48.13)	(71.48)
Deletion of fixed assets (net of depreciation)	0.82	8.39
Profit on sale of fixed assets	0.02	0.11
Loss on sale/scrap of fixed assets	(0.29)	(0.15)
Long-term loans and advances	(0.89)	2.59
Purchase of investments	–	(6.09)
Sale of investments	0.26	7.94
Profit on sale of land - exceptional item	5.83	–
Net profit / (loss) on sale of investments	–	1.36
Interest received	0.59	0.44
Dividend received	35.17	36.21
<b>Net Cash from/(used in) investing activities</b> (B)	(6.62)	(20.68)

## Sundaram-Clayton Limited

### Cash Flow Statement for the year ended 31<sup>st</sup> March 2014 (continued)

		(Rupees in crores)	
		Year ended 31.03.2014	Year ended 31.03.2013
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Issue of equity shares		0.64	–
Share premium received on above issue		36.42	–
Borrowings:			
Term loans availed/(repaid)		(1.82)	(18.90)
Unsecured loan availed/ (repaid)		31.78	(30.81)
Long term provisions		1.67	0.31
Interest paid		(29.19)	(38.23)
Dividend and dividend tax paid		(35.48)	(42.42)
<b>Net cash from financing activities</b>	<b>( C )</b>	<u>4.02</u>	<u>(130.05)</u>
<b>D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	<b>(A+B+C)</b>	88.33	(76.00)
Cash and cash equivalents at the beginning of the year			
Cash and Bank balances	2.14		6.81
Cash credit balance	(211.09)		(139.76)
		(208.95)	(132.95)
Cash and cash equivalents at the end of the year			
Cash and Bank balances	5.42		2.14
Cash credit balance	(126.04)		(211.09)
		(120.62)	(208.95)

Notes:

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

	<b>VENU SRINIVASAN</b> <i>Chairman &amp; Managing Director</i>	<b>DR LAKSHMI VENU</b> <i>Director - Strategy</i>	As per our report annexed For <b>SUNDARAM &amp; SRINIVASAN</b> <i>Chartered Accountants</i> Firm Regn. No. 004207S
Chennai 14 <sup>th</sup> May 2014	<b>V N VENKATANATHAN</b> <i>Executive Vice-President (Finance)</i>	<b>R RAJA PRAKASH</b> <i>Company Secretary</i>	<b>M BALASUBRAMANIAM</b> <i>Partner</i> Membership No. F7945

## Sundaram-Clayton Limited

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

Sl. No.	Particulars	Name of the Subsidiaries	
		TVS Motor Company Limited, Chennai	Sundaram-Clayton (USA) Limited, USA
1.	Financial year of the subsidiaries ended on	31.03.2014	31.03.2014
2.	Shares of the subsidiaries held by the Company as on 31 <sup>st</sup> March 2014		
	a) Number and face value-equity	27,26,82,786 Equity shares of Re 1/- each fully paid	100 Equity shares of USD 1 each fully paid
	b) Extent of holding	57.40%	100.00%
3.	Net aggregate amount of profit / losses of the subsidiaries not dealt with in the company's account so far as it concerns the members of the holding Company	Rs. in crores	Rs. in crores
	a) for the financial year of the subsidiary	116.09	–
	b) for the previous financial years since they became subsidiaries	232.72	0.07
4.	Net aggregate amount of profit / losses of the subsidiaries dealt with in the company's account so far as it concerns the members of the holding Company	Rs. in crores	Rs. in crores
	a) for the financial year of the subsidiary	34.09	–
	b) for the previous financial years since they became subsidiaries	89.40	–
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 : 1. Sundaram-Clayton Limited (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 u/s 4(1)(b) of the Companies Act, 1956 (the Act).
2. Sundaram Auto Components Limited (SACL), Chennai, TVS Housing Limited, Chennai and Sundaram Business Development Consulting (Shanghai) Co. Ltd, China are wholly-owned subsidiaries of TVSM, and hence they are subsidiaries of SCL, u/s 4(1)(c) of the Act.
3. 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 u/s 4(1)(c) of the Act.
4. SCL holds 100% of the paid up equity capital of Sundaram-Clayton (USA) Limited, USA (SCL-USA). Hence, SCL-USA is a subsidiary of SCL u/s 4(1)(b) of the Act.

VENU SRINIVASAN  
*Chairman & Managing Director*

DR LAKSHMI VENU  
*Director - Strategy*

Chennai  
14<sup>th</sup> May 2014

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

R RAJA PRAKASH  
*Company Secretary*

**Consolidated Financial Statements**  
**of**  
***Sundaram-Clayton Limited***

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Independent Auditors' report on consolidated financial statements of Sundaram-Clayton Limited, Chennai for the year ended 31<sup>st</sup> March 2014

To the Board of Directors of  
Sundaram-Clayton Limited,  
'Jayalakshmi Estates',  
No. 29 Haddows Road,  
Chennai - 600006.

We have audited the accompanying consolidated financial statements of Sundaram-Clayton Limited, Chennai - 600006 ("the Company"), its subsidiaries and associates, which comprise the consolidated Balance Sheet as at 31<sup>st</sup> March 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We did not audit the financial statements of subsidiaries viz. (1) TVS Motor Company Limited, Chennai, (2) TVS Motor Company (Europe) B.V., Amsterdam (3) TVS Motor (Singapore) Pte. Limited, Singapore, (4) PT. TVS Motor Company Indonesia, Jakarta, (5) Sundaram Business Development Consulting (Shanghai) Company Limited, Shanghai, (6) TVS Housing Limited, Chennai, (7) Sundaram-Clayton (USA) Limited, USA, (8) Green Infra BTV Limited, Chennai (formerly known as TVS Energy Limited) (subsidiary upto 16.08.2013), (9) Green Infra Wind Energy Theni Limited, Chennai (formerly known as TVS Wind Energy Limited) (subsidiary upto 16.08.2013) and associate companies viz. (1) Emerald Haven Realty Limited, Chennai (2) TVS Training & Services Limited, Chennai and (3) Green Infra Wind Power Theni Limited, Chennai (formerly known as TVS Wind Power Limited) (associate upto 16.08.2013).

The financial statements and other information of the subsidiaries and associates have been audited by other auditors whose reports have been furnished to us and our opinion, in so far it relates to the amounts included in respect of these subsidiaries and associates is based solely on the report of the other auditors.

In respect of an associate viz., Sundram Non-Conventional Energy Systems Limited, Chennai, only the unaudited financial result has been considered for the purpose of consolidation of accounts.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated 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

Place : Chennai  
Date : 14<sup>th</sup> May 2014

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated Balance Sheet as at 31<sup>st</sup> March 2014

		(Rupees in crores)	
	Note number	As at 31.03.2014	As at 31.03.2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	I	10.12	9.48
(b) Reserves and surplus	II	1,110.61	884.68
<b>2 Share application money pending allotment</b>		–	–
<b>3 Minority Interest</b>		396.70	327.55
<b>4 Non-current liabilities</b>			
(a) Long-term borrowings	III	614.06	975.58
(b) Deferred tax liabilities (Net)	IV	151.83	98.36
(c) Other Long-term liabilities	V	24.83	24.83
(d) Long-term provisions	VI	78.03	74.36
<b>5 Current liabilities</b>			
(a) Short-term borrowings	VII	311.24	329.45
(b) Trade payables		1,152.10	961.75
(c) Other current liabilities	VIII	640.32	541.61
(d) Short-term provisions	IX	65.36	55.63
<b>Total</b>		4,555.20	4,283.28
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>1 (a) Fixed assets</b>			
(i) Tangible assets	X	1,885.80	1,971.52
(ii) Intangible assets	X	20.26	5.17
(iii) Capital work-in-progress	X	56.76	48.42
(b) Goodwill on consolidation		3.28	3.28
(c) Non-current investments	XI	499.28	409.87
(d) Long-term loans and advances	XII	66.07	65.29
(e) Other non-current assets	XIII	–	5.71
<b>2 Current assets</b>			
(a) Inventories	XIV	855.21	848.04
(b) Trade receivables	XV	514.74	450.71
(c) Cash and cash equivalents	XVI	104.01	81.80
(d) Short-term loans and advances	XVII	462.29	253.21
(e) Other current assets	XVIII	87.50	140.26
<b>Total</b>		4,555.20	4,283.28
Accounting Standards, additional disclosures and notes on accounts	XXV		

VENU SRINIVASAN  
Chairman & Managing Director

DR LAKSHMI VENU  
Director - Strategy

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

Chennai  
14<sup>th</sup> May 2014

V N VENKATANATHAN  
Executive Vice-President (Finance)

R RAJA PRAKASH  
Company Secretary

M BALASUBRAMANIAM  
Partner  
Membership No. F7945

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated Statement of Profit & Loss for the year ended 31<sup>st</sup> March 2014

		(Rupees in crores)	
	Note number	Year ended 31.03.2014	Year ended 31.03.2013
I	Revenue from operations	10,159.43	9,004.02
	Less: Excise duty and service tax	<u>815.67</u>	<u>778.23</u>
		9,343.76	8,225.79
II	Other income	<u>27.87</u>	<u>27.41</u>
III	Total Revenue (I + II)	<u>9,371.63</u>	<u>8,253.20</u>
IV	Expenses:		
	Cost of materials consumed	5,877.26	5,351.37
	Purchases of Stock-in-Trade	400.35	242.78
	Changes in inventories of finished goods, work-in-process and Stock-in-Trade	29.56	1.13
	Employee benefits expense	696.22	605.58
	Finance costs	115.33	147.72
	Depreciation and amortization expense	213.86	225.90
	Other expenses	1,759.37	1,503.03
	Total expenses	<u>9,091.95</u>	<u>8,077.51</u>
V	Profit before exceptional and extraordinary items and tax (III-IV)	279.68	175.69
VI	Exceptional items - Profit on sale of long term investments	30.28	-
	Profit on sale of Land	<u>5.83</u>	<u>92.78</u>
VII	Profit before extraordinary items and tax (V + VI)	315.79	268.47
VIII	Extraordinary items - Profit on sale of division	-	12.64
	Insurance recovery	<u>4.58</u>	<u>0.79</u>
IX	Profit before tax (VII + VIII)	320.37	281.90
X	Tax expense:		
	(1) Current tax	73.88	64.79
	(2) Deferred tax	<u>53.10</u>	<u>22.63</u>
XI	Profit for the period from continuing operations (IX - X)	193.39	194.48
XII	Share of Profit of associates	0.59	1.31
XIII	Profit for the period (XI + XII)	<u>193.98</u>	<u>195.79</u>
XIV	Relating to parent company	141.23	186.00
XV	Relating to minority shareholders	52.75	9.79
XVI	Earnings per equity share including extraordinary items		
	(1) Basic (in Rs.)	71.03	98.06
	(2) Diluted (in Rs.)	<u>71.03</u>	<u>98.06</u>
XVII	Earnings per equity share excluding extraordinary items		
	(1) Basic (in Rs.)	69.71	95.04
	(2) Diluted (in Rs.)	69.71	95.04
	Accounting Standards, additional disclosures and notes on accounts	XXV	

VENU SRINIVASAN  
*Chairman & Managing Director*

DR LAKSHMI VENU  
*Director - Strategy*

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

Chennai  
14<sup>th</sup> May 2014

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

R RAJA PRAKASH  
*Company Secretary*

M BALASUBRAMANIAM  
*Partner*  
Membership No. F7945

## Consolidated Financial Statements of *Sundaram-Clayton Limited*

### Consolidated notes on financial statements

Particulars	As at 31.03.2014		As at 31.03.2013			
	Number	Rupees in crores	Number	Rupees in crores		
<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	25.00	5,00,00,000	25.00		
<b>Issued,Subscribed &amp; Paid up Capital</b>						
Equity Shares of Rs.5/- each fully paid	2,02,32,085	10.12	1,89,67,584	9.48		
Out of the above:						
Equity shares allotted as fully paid up by way of bonus shares in the five years immediately preceding the date of Balance Sheet:						
a) Number of shares - 1,89,67,584						
b) Year of allotment - Year ended 31 <sup>st</sup> March, 2010.						
(b) Reconciliation of equity shares outstanding at the beginning and at the end of 31 <sup>st</sup> March 2014						
Shares outstanding at the beginning of the year	1,89,67,584	9.48	1,89,67,584	9.48		
Shares Issued during the year - Institutional Placement Programme	12,64,501	0.64	-	-		
Shares outstanding at the end of the year	2,02,32,085	10.12	1,89,67,584	9.48		
(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 2014						
Name of Shareholder	Relationship	Class of Shares	As at 31.03.2014		As at 31.03.2013	
			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	18.82	38,07,330	20.07
Sundaram Industries Limited - Madurai	Fellow Subsidiary	Equity	60,62,522	29.96	60,62,522	31.96
Southern Roadways Limited - Madurai	Fellow Subsidiary	Equity	30,31,127	14.98	30,31,127	15.98
(e) Details of shareholders holding more than five percent at the end of 31 <sup>st</sup> March 2014 (other than I(d) above)						
Name of Shareholder	Class of Shares	As at 31.03.2014		As at 31.03.2013		
		No. of shares held	% of holding	No. of shares held	% of holding	
Sundaram Finance Limited - Chennai	Equity	22,73,081	11.24	22,73,085	11.98	

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated notes on financial statements – (continued)

	(Rupees in crores)	
	As at 31.03.2014	As at 31.03.2013
<b>II. RESERVES AND SURPLUS</b>		
<b>a. Capital Reserves</b>		
Opening Balance	99.23	99.23
Add: Government grant	—	—
	<u>99.23</u>	<u>99.23</u>
Less: Transferred to General Reserve	—	—
Closing Balance	<u>99.23</u>	<u>99.23</u>
<b>b. Securities Premium</b>		
Opening Balance	—	—
Add: On shares issued during the year	36.42	—
Closing Balance	<u>36.42</u>	<u>—</u>
<b>c. General reserve</b>		
Opening Balance	636.08	625.40
Add: Transfer from the Statement of Profit and Loss (after minority interest)	21.00	10.68
	<u>657.08</u>	<u>636.08</u>
Less: Capitalised by issue of Bonus shares	—	—
Closing Balance	<u>657.08</u>	<u>636.08</u>
<b>d. Foreign Currency Translation Reserve</b>		
Opening balance	(0.91)	(22.60)
Add: Additions during the year	13.92	21.69
Closing Balance	<u>13.01</u>	<u>(0.91)</u>
<b>e. Hedging reserve</b>		
Opening balance	0.02	(2.71)
Add: Additions during the year	3.80	0.02
Less: Utilised during the year	0.17	(2.71)
Closing Balance	<u>3.65</u>	<u>0.02</u>
<b>f. Revaluation reserve</b>		
Opening balance	—	—
Add: Revaluation of land of one of the subsidiary	83.25	—
Closing Balance	<u>83.25</u>	<u>—</u>
<b>g. Surplus i.e. balance in Statement of Profit and Loss</b>		
Opening balance	89.65	(41.78)
Add: Net Profit for the current year	193.98	195.79
	<u>283.63</u>	<u>154.01</u>
Less: Allocations / Appropriations		
Interim Dividend Paid	38.95	29.22
Interim Dividend payable	13.15	9.48
Dividend tax	11.72	8.97
Tax relating to earlier years	22.12	0.18
Transfer on sale of subsidiary/ Associate	12.11	—
Transfer to general reserve	32.60	16.51
Transfer to minority interest	(64.99)	(60.61)
	<u>65.66</u>	<u>3.75</u>
Closing Balance	<u>217.97</u>	<u>150.26</u>
Total (a+b+c+d+e+f+g)	<u>1,110.61</u>	<u>884.68</u>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated notes on financial statements – (continued)

		(Rupees in crores)	
		As at 31.03.2014	As at 31.03.2013
<b>III. LONG-TERM BORROWINGS</b>			
(a) Secured			
Term loans			
From banks		165.85	502.84
From other parties		210.98	230.38
(b) Unsecured			
Sales Tax Deferral loan		233.03	239.36
From other parties		4.20	3.00
<b>Total</b>		614.06	975.58

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

(Rupees in crores)

Total of loans repayable	Loans repayable in 2013-14 (Current maturity)	Balance long term loans as at 31-03-2013	Description	Frequency	No. of instalments due	Maturity	Total of loans repayable	Loans repayable in 2014-15 (Current maturity)	Balance long term loans as at 31-03-2014
190.91	14.20	176.71	External Commercial Borrowings- IV	Half Yearly					
42.86	14.29	28.57	Term Loan I	Quarterly	8	February 2016	28.57	14.29	14.28
37.50	12.50	25.00	Term Loan II	Half Yearly	4	March 2016	25.00	12.50	12.50
45.00	-	45.00	Term Loan III	Quarterly	12	December 2017	70.00	5.84	64.16
147.55	45.40	102.15	Term Loan IV	Quarterly	9	April 2016	102.15	45.40	56.75
36.90	36.90	-	Term Loan V	Quarterly	-	November 2013	-	-	-
31.00	6.00	25.00	Term Loan VI	Quarterly	13	March 2017	25.00	8.00	17.00
7.00	0.24	6.76	Term Loan VII	Quarterly	-		-	-	-
48.00	6.86	41.14	Term Loan VIII	Quarterly	-		-	-	-
27.50	3.33	24.17	Term Loan IX	Quarterly	-		-	-	-
109.07	31.31	77.76	Financial Institution I	Half Yearly		September 2018	85.27	35.14	50.13
-	-	-	Financial Institution II	Monthly	-	February 2017	15.16	6.94	8.22
28.35	-	28.35	Buyer's credit	Bullet payment	NIL	July 2014 to April 2015	31.29	30.13	1.16
			Sales Tax Deferral						
56.96	6.33	50.63	Phase-1	Yearly	8	2020-21	50.63	6.33	44.30
188.72	-	188.72	Phase-2	Yearly	12	2026-27	188.73	-	188.73
152.62	-	152.62	State owned corporation	Yearly	3	2022-25	152.63	-	152.63
3.00	-	3.00	Soft loan from DSIR	Yearly			4.20	-	4.20
<b>1,152.94</b>	<b>177.36</b>	<b>975.58</b>	<b>Total</b>				<b>778.63</b>	<b>164.57</b>	<b>614.06</b>

#### 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 Company's factories
- (ii) Term Loans:
 

First and exclusive charge on specific plant and equipment situated at the Company's factories. 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.
- (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.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated notes on financial statements – (continued)

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

Amount payable in each instalment

Description	Currency	Amount
Term Loan I	INR	3.57 crores per quarter
Term Loan II	INR	6.25 crores per half year
Term Loan III	INR	5.84 crores per quarter
Term Loan IV	INR	11.35 crores per quarter
Term Loan VI	INR	2.00 crores per quarter
Financial Institution I	USD	1.8 million, 5.8 million, 2.2 million & 1.1 million
Financial Institution II	USD	23 unequated monthly instalments
Sales tax deferral Phase-1	INR	6.33 crores per annum
Sales tax deferral Phase-2	INR	15.73 crores per annum
State owned corporation	INR	10.00, 67.23 and 75.40 crores (three instalments between 2022 and 2025)

	(Rupees in crores)	
	As at 31.03.2014	As at 31.03.2013
<b>IV. DEFERRED TAX LIABILITIES (NET)</b>		
Deferred Tax Liability		
on Depreciation	206.62	171.15
on Amortisation of Dies and Moulds	10.26	8.06
on Expenses admissible on payment basis	–	28.29
	216.88	207.50
Less: Deferred Tax Assets		
on Unabsorbed Business Loss	–	4.16
on Unabsorbed Capital Loss	–	17.33
on expenses will be allowed only on Payment Basis	65.05	59.67
on Other Timing Differences	–	27.98
	65.05	109.14
<b>Total</b>	151.83	98.36
<b>V. OTHER LONG TERM LIABILITIES</b>		
Due to Others - Purchase consideration payable	24.83	24.83
<b>Total</b>	24.83	24.83
<b>VI. LONG TERM PROVISIONS</b>		
(a) Employee benefits		
(i) Pension	63.47	62.89
(ii) Leave salary	12.61	9.52
(b) Others		
Sales Tax	1.95	1.95
<b>Total</b>	78.03	74.36

## Consolidated Financial Statements of *Sundaram-Clayton Limited*

### Consolidated notes on financial statements – (continued)

	(Rupees in crores)	
	As at 31.03.2014	As at 31.03.2013
<b>VII. SHORT TERM BORROWINGS</b>		
(a) Secured		
From banks- Repayable on demand	202.68	251.66
(b) Unsecured		
From banks	108.56	77.79
<b>Total</b>	311.24	329.45
Details of securities created for loans availed and referred to in VII(a) above		
First charge by way of hypothecation 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.		
<b>VIII. OTHER CURRENT LIABILITIES</b>		
(a) Current maturities of long-term debt-Term loans	164.57	177.36
(b) Interest accrued but not due on borrowings	5.23	5.34
(c) Interest accrued and due on borrowings	0.28	1.11
(d) Unpaid dividends	2.74	3.04
(e) Others		
(i) Statutory Dues	29.68	28.78
(ii) Security deposits/ Trade deposits	54.03	48.14
(iii) Employee related	35.37	30.88
(iv) For expenses	264.13	212.51
(v) Advance received	84.29	17.96
(vi) Capital goods	–	16.49
<b>Total</b>	640.32	541.61
<b>IX. SHORT-TERM PROVISIONS</b>		
(a) Employee benefit	21.28	14.94
(b) Warranty	24.14	20.68
(c) Interim dividend payable	13.15	9.48
(d) Dividend tax payable	6.05	4.62
(e) Provision for taxation	–	3.66
(f) Others- For expenses	0.74	2.25
<b>Total</b>	65.36	55.63

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated notes on financial statements – (continued)

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

(Rupees in crores)

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/ 2014	31/03/ 2013	31/03/ 2014	31/03/ 2013	31/03/ 2014	31/03/ 2013
<b>Cost of assets</b>													
As at 01-04-2013	74.04	33.16	504.13	2,955.28	27.22	72.19	26.29	3,692.31	3,290.97	27.87	22.69	3,720.18	3,313.66
Additions	206.54	–	19.29	207.95	3.97	9.56	3.93	451.24	454.83	24.14	5.18	475.38	460.01
Foreign exchange translation reserve adjustments	(1.52)	–	(0.13)	9.94	(0.31)	–	(0.03)	7.95	46.78	–	–	7.95	46.78
Sub-total	279.06	33.16	523.29	3,173.17	30.88	81.75	30.19	4,151.50	3,792.58	52.01	27.87	4,203.51	3,820.45
Sales / Deletion / Amortisation	(6.28)	(1.72)	(0.43)	(437.95)	(0.34)	(3.60)	(0.66)	(450.98)	(100.27)	–	–	(450.98)	(100.27)
<b>Total</b>	<b>272.78</b>	<b>31.44</b>	<b>522.86</b>	<b>2,735.22</b>	<b>30.54</b>	<b>78.15</b>	<b>29.53</b>	<b>3,700.52</b>	<b>3,692.31</b>	<b>52.01</b>	<b>27.87</b>	<b>3,752.53</b>	<b>3,720.18</b>
<b>Depreciation and amortisation</b>													
Upto 31-03-2013	–	0.77	115.43	1,530.56	14.68	48.67	10.68	1,720.79	1,528.94	22.70	15.95	1,743.49	1,544.89
For the year	–	0.14	17.44	172.47	2.07	9.73	2.96	204.81	219.15	9.05	6.75	213.86	225.90
Foreign exchange translation reserve adjustments	–	–	(0.90)	12.33	(0.29)	–	(0.02)	11.12	11.18	–	–	11.12	11.18
Sub-total	–	0.91	131.97	1,715.36	16.46	58.40	13.62	1,936.72	1,759.27	31.75	22.70	1,968.47	1,781.97
Withdrawn on assets sold / deleted	–	(0.08)	(0.04)	(117.74)	(0.20)	(3.42)	(0.52)	(122.00)	(38.48)	–	–	(122.00)	(38.48)
<b>Total</b>	<b>–</b>	<b>0.83</b>	<b>131.93</b>	<b>1,597.62</b>	<b>16.26</b>	<b>54.98</b>	<b>13.10</b>	<b>1,814.72</b>	<b>1,720.79</b>	<b>31.75</b>	<b>22.70</b>	<b>1,846.47</b>	<b>1,743.49</b>
<b>Written down value</b>													
As at 31-03-2014	272.78	30.61	390.93	1,137.60	14.28	23.17	16.43	1,885.80	–	20.26	–	1,906.06	–
As at 31-03-2013	74.04	32.39	388.70	1,424.72	12.54	23.52	15.61	–	1,971.52	–	5.17	–	1,976.69
<b>CAPITAL WORK-IN-PROGRESS (AT COST)</b>													
(a) Building												0.74	0.87
(b) Plant & equipment												56.02	47.54
(c) Others												–	0.01
<b>Total</b>												<b>56.76</b>	<b>48.42</b>

(Rupees in crores)

As at 31.03.2014

As at 31.03.2013

#### XI. NON CURRENT INVESTMENTS

##### A Trade Investments

(a) Investment in Equity Instruments	57.21	50.94
(b) Investment in Preference Shares	367.71	281.03
(c) Investment in Private Equity Instruments	9.68	9.68
<b>Total (A)</b>	<b>434.60</b>	<b>341.65</b>

##### B Other Investments

(a) Employees Pension related Investments	24.85	26.36
(b) Investment Property	24.83	26.86
(c) Investment in bonds	15.00	15.00
<b>Total (B)</b>	<b>64.68</b>	<b>68.22</b>

<b>Total (A) + (B)</b>	<b>499.28</b>	<b>409.87</b>
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## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated notes on financial statements – (continued)

#### 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 crores	
			As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
<b>A</b>	<b>Trade Investments</b>							
(a)	Investment in Equity Instruments - Fully paid-up							
	(i) Quoted							
	Suprajit Engineering Limited, Bengaluru	Others	57,72,000	57,72,000	-	-	0.43	0.43
	Harita Seating Systems Limited, Chennai	Others	7,280	7,280	-	-	0.04	0.04
	Suprajit Engineering Limited, Bengaluru	Others	28,92,000	28,92,000	-	-	0.08	0.08
	Ucal Fuel Systems Limited, Chennai	Others	91,760	91,760	-	-	0.25	0.25
	Bank of Baroda, Vadodara	Others	-	2,000	-	-	-	0.02
	(ii) Unquoted							
	Green Infra BTV Limited, Chennai (formerly TVS Energy Limited)	Others	45,00,000	-	5.54	-	4.50	-
	Green Infra BTV Limited, Chennai	Others	32,50,000	-	2.64	-	3.25	-
	Green Infra Wind Power Theni Limited, Chennai (formerly known as TVS Wind Power Limited)	Others	-	41,00,000	-	-	-	4.09
	Sundram Non-Conventional Energy Systems Limited, Chennai	Associate	1,17,650	1,17,650	23.53	23.53	0.12	0.12
	TVS Training and Services Limited, Chennai	Associate	20,00,000	20,00,000	43.96	43.96	2.00	2.00
	Chennai Business Consulting Services Limited, Chennai	Others	-	78,00,000	-	-	-	0.01
	TVS Lanka (Private) Limited, Colombo	Others	50,00,000	50,00,000	-	-	2.08	2.08
	Sundaram Engineering Products Services Limited, Chennai	Others	7,746	12,746	-	-	0.01	0.01
	Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited)	Associate	4,00,00,000	4,00,00,000	48.78	48.78	40.00	40.00
	TVS Global Automobile Traders FZCO, Dubai	Others	-	1	-	-	-	0.14
	TVS Motor Services Limited, Chennai	Others	3,80,000	3,80,000	-	-	0.38	0.38
	Sai Regency Power Corporation Private Limited, Chennai	Others	3,75,000	3,75,000	-	-	0.38	0.38
	Green Infra Wind Energy Theni Limited (Formerly known as TVS Wind Energy Ltd)	Others	-	-	-	-	3.00	-
	Add/(Less): Share of profit of associates						0.69	0.91
	Total (a)						57.21	50.94

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated notes on financial statements – (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 crores	
			As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
(b)	Investment in Preference Shares - Fully paid-up, unquoted Chennai Business Consulting Services Limited, Chennai - 6% Non Cumulative Non convertible Redeemable Preference Shares Chennai Business Consulting Services Limited, Chennai - 9% Non Cumulative Non convertible Redeemable Preference Shares TVS Motor Services Limited, Chennai - Non Cumulative Redeemable Preference Shares TVS Motor Services Limited, Chennai Pinnacle Engines Inc., USA (face value 0.01 cent)	Others Others Others Others Others	- - 1,00,00,000 34,60,10,000 24,09,638	75,68,000 57,34,650 1,00,00,000 24,60,10,000 -	- - - - -	- - 10.00 346.01 11.70	- - - - -	0.01 0.01 10.00 271.01 -
	Total (b)					367.71	281.03	
(c)	Investment in Private equity instruments - unquoted TVS Shriram Growth fund Scheme 1 of TVS Capital Funds Limited, Chennai TVS Shriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai	Others Others	85,516,22 11,250	85,516,22 11,250	- -	8.55 1.13	8.55 1.13	
	Total (c)					9.68	9.68	
	Total A (a+b+c)					434.60	341.65	
<b>B</b>	<b>Other Investments</b>							
(a)	Investment in equity instruments - Partly paid-up, unquoted Aayr Property Holding Company Limited, Chennai (Cost Rs.6,825/-)	Others	105	105	-	-	-	
(b)	Employees pension related - unquoted ICICI Prudential Life Insurance Company Limited, Mumbai Life Insurance Corporation of India, Chennai - Pension Policy ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai Life Insurance Corporation Pension Policy, Mumbai	Others Others Others Others Others	- - - - -	- - - - -	- - - - -	4.99 4.22 9.23 6.41 24.83	5.23 4.22 9.23 7.68 26.86	
(c)	Investment Property							
(d)	Investment in Bonds: Power Finance Corporation Limited, New Delhi (Face value of Rs.10 lakhs each)		150	150	-	15.00	15.00	
	Total (B) - (a+b+c+d)					64.68	68.22	
	Total (A)+(B)					499.28	409.87	

#### Summary of non-current investments (Rupees in crores)

Sl. No.	Particulars	As at 31.03.2014		As at 31.03.2013	
		Cost	Market value	Cost	Market value
(a)	Quoted investments	0.80	59.72	0.82	29.58
(b)	Unquoted investments	498.48	-	409.05	-
	Total	499.28	-	409.87	-

Note: All investments are valued at cost.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated notes on financial statements – (continued)

	(Rupees in crores)	
	As at 31.03.2014	As at 31.03.2013
<b>XII. LONG-TERM LOANS AND ADVANCES</b>		
Unsecured, considered good		
(a) Loans and advances to related parties	–	8.15
(b) Capital advances	8.01	11.28
(c) Deposits made	35.57	32.43
(d) Advance payment of income tax (net of provisions)	22.49	13.43
<b>Total</b>	66.07	65.29
<b>XIII. OTHER NON-CURRENT ASSETS</b>		
(a) Taxes & Duties Recoverable (Advance Income Tax Net of Provisions)	–	2.06
(b) Deposits	–	3.65
<b>Total</b>	–	5.71
<b>XIV. INVENTORIES (at weighted average cost or net realisable value whichever is less)</b>		
(a) Raw Materials and components	250.38	240.57
(b) Goods-in transit- Raw Materials and components	44.54	36.17
(c) Work-in-process	59.88	61.77
(d) Finished goods	258.88	318.62
(e) Stock-in-trade	58.69	26.62
(f) Land held as Stock-in-trade	27.44	27.44
(g) Goods-in transit - Stock-in-trade	18.47	27.41
(h) Stores and spares	76.62	77.42
(i) Dies, moulds and tools	60.31	32.02
<b>Total</b>	855.21	848.04
Note: Work-in-process comprises of:		
(a) Semi finished castings pending for machining / under inspection	21.73	17.99
(b) Semi finished machined products	1.22	1.83
(c) Vehicle Pending Testing	0.52	3.69
(d) Semi-Finished Vehicles	32.26	35.31
(e) Plastic Components	1.11	1.10
(f) Moulds	3.04	1.85
	59.88	61.77
<b>XV. TRADE RECEIVABLES</b>		
(a) Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	45.05	26.32
(ii) Considered doubtful	7.42	7.66
	52.47	33.98
Less: Provision for doubtful debts	7.42	7.66
	45.05	26.32
(b) Other unsecured debts (considered good)	469.69	424.39
<b>Total</b>	514.74	450.71

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated notes on financial statements – (continued)

	(Rupees in crores)	
	As at 31.03.2014	As at 31.03.2013
<b>XVI. CASH AND CASH EQUIVALENTS</b>		
(a) Balances with banks	96.89	74.07
(b) Cheques/drafts on hand	3.89	4.31
(c) Cash on hand	0.41	0.35
(d) Earmarked balances with banks (for unpaid dividend)	2.74	3.04
(e) Bank Deposits with more than 12 months maturity	0.08	0.03
<b>Total</b>	104.01	81.80
<b>XVII. SHORT TERM LOANS AND ADVANCES</b>		
Unsecured considered good:		
(a) Loans and advances to related parties	7.31	1.15
(b) Others:		
(i) Employee related	11.93	12.61
(ii) Excise current account	155.13	79.20
(iii) Vendor advance	55.53	66.43
(iv) Prepaid Expenses	21.19	8.58
(v) Advance payment of Income-tax	71.04	11.79
(vi) Export benefit	1.44	3.78
(vii) Balances with statutory authorities	–	1.33
(viii) VAT receivable	134.31	49.57
(ix) Other deposits	4.41	18.77
<b>Total</b>	462.29	253.21
<b>XVIII. OTHER CURRENT ASSETS</b>		
(a) Claims receivable	74.91	129.60
(b) Premium on forward contracts	0.28	0.33
(c) Interest accrued on investments and Loans & advances	1.46	2.16
(d) Hedge Instrument	7.35	–
(e) Service Tax receivable	–	2.42
(f) Advances recoverable	–	5.75
(g) Others	3.50	–
<b>Total</b>	87.50	140.26
(Rupees in crores)		
	Year ended	Year ended
	31.03.2014	31.03.2013
<b>XIX. REVENUE FROM OPERATIONS</b>		
(a) Sale of products	10,009.78	8,870.07
(b) Sale of services	6.49	5.14
(c) Other operating revenues	143.16	128.81
<b>Total</b>	10,159.43	9,004.02

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated notes on financial statements – (continued)

	(Rupees in crores)	
	Year ended 31.03.2014	Year ended 31.03.2013
<b>XX OTHER INCOME</b>		
(a) Interest income	21.24	18.54
(b) Dividend	0.90	1.79
(c) Net gain on sale of investments	2.67	1.49
(d) Profit on sale of fixed assets	0.02	0.48
(e) Other non-operating income	3.04	5.11
<b>Total</b>	27.87	27.41
<b>XXI MATERIAL COST</b>		
Cost of Materials consumed		
Opening stock of raw materials and components	240.57	261.33
Add: Purchases	5,887.07	5,330.61
	6,127.64	5,591.94
Less: Closing stock of raw materials and components	250.38	240.57
Cost of materials consumed	5,877.26	5,351.37
Purchases of traded goods	400.35	242.78
Changes in inventories of finished goods, work-in-process and stock-in-trade:		
Opening stock:		
Work-in-process	61.77	83.11
Stock-in-trade	26.62	42.09
Finished goods	318.62	282.94
<b>Total (A)</b>	407.01	408.14
Closing stock:		
Work-in-process	59.88	61.77
Stock-in-trade	58.69	26.62
Finished goods	258.88	318.62
<b>Total (B)</b>	377.45	407.01
Changes in inventories (A)-(B)	29.56	1.13
<b>XXII EMPLOYEE BENEFITS EXPENSE</b>		
(a) Salaries and wages	580.75	510.67
(b) Contribution to provident and other funds	46.72	35.23
(c) Welfare expenses	68.75	59.68
<b>Total</b>	696.22	605.58
<b>XXIII FINANCE COSTS</b>		
(a) Interest expense	76.95	131.36
(b) Other borrowing costs	32.42	10.90
(c) Others-Exchange fluctuation	5.96	2.43
(d) Amortisation of Foreign currency monetary item translation difference	–	3.03
<b>Total</b>	115.33	147.72

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated notes on financial statements – (continued)

	(Rupees in crores)	
	Year ended 31.03.2014	Year ended 31.03.2013
<b>XXIV OTHER EXPENSES</b>		
(a) Consumption of stores, spares and tools	134.41	126.27
(b) Power and fuel	150.19	153.62
(c) Rent	40.03	43.92
(d) Repairs - buildings	28.70	22.82
(e) Repairs - plant and equipment	66.08	78.69
(f) Repairs - others	0.88	1.55
(g) Insurance	5.14	5.49
(h) Rates and taxes, excluding, taxes on income	10.70	7.60
(i) Audit fees	1.47	1.33
(j) Packing and freight charges	398.89	299.70
(k) Sales related expenses	14.92	14.69
(l) Loss on sale of fixed assets	0.77	0.28
(m) Amortisation of foreign currency monetary item translation difference account	–	1.67
(n) Marketing and advertisement	555.34	476.09
(o) 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)	351.85	269.31
<b>Total</b>	<b>1,759.37</b>	<b>1,503.03</b>

### XXV ACCOUNTING STANDARDS, ADDITIONAL DISCLOSURES AND NOTES ON FINANCIAL STATEMENTS

#### 1 Consolidation of Financial Statements

##### A. Basis of accounting

The financial statements relating 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 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.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### XXV Accounting Standards, Additional Disclosures and Notes on Financial Statements - (continued)

#### 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 Limited, Chennai	India	31-03-2014	57.40	–
Sundaram Auto Components Limited, Chennai	India	31-03-2014	–	57.40
TVS Motor (Singapore) Pte Ltd, Singapore	Singapore	31-03-2014	–	57.40
TVS Motor Company (Europe) B.V., Amsterdam	Netherlands	31-03-2014	–	57.40
PT TVS Motor Company Indonesia, Jakarta	Indonesia	31-03-2014	–	57.40
Sundaram-Clayton (USA) Limited, USA	USA	31-03-2014	100.00	–
Sundaram Business Development Consulting (Shanghai) Co. Limited, China (Reporting Date : 31-12-2013)	China	31-03-2014	–	57.40
TVS Housing Limited, Chennai	India	31-03-2014	–	57.40
<b>II) ASSOCIATES:</b>				
Sundram Non-Conventional Energy Systems Limited, Chennai	India	31-03-2014	23.53	–
TVS Training and Services Limited, Chennai	India	31-03-2014	43.96	–
Emerald Haven Realty Limited, Chennai	India	31-03-2014	–	28.00

#### 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 crores)

As at /	As at /
Year ended	Year ended
31.03.2014	31.03.2013

#### 2 Other current liabilities include

a) Amount liable to be transferred to Investor Education and Protection fund:		
- Unpaid dividend	2.74	3.04
b) Due to directors	1.55	0.65

#### Trade payables include

a) Amount due to Small Scale Industrial units	41.29	40.57
b) Amount due to other industrial units	1,204.16	999.73

## Consolidated Financial Statements of *Sundaram-Clayton Limited*

### XXV Accounting Standards, Additional Disclosures and Notes on Financial Statements - (continued)

	(Rupees in crores)	
	As at / Year ended 31.03.2014	As at / Year ended 31.03.2013
<b>3 Contingent liability not provided for</b>		
(a) On counter guarantees given to bankers	54.82	25.35
(b) On letters of credit opened with bankers	225.10	172.59
(c) On partly paid shares (Rs.3,675/-)	–	–
(d) Estimated amount of contracts remaining to be executed on capital account	104.85	78.47
(e) On guarantees furnished on behalf of loans granted to employees (Current year Rs.26,127/-)	–	1.26
(f) On account of future export obligations (on account of import of capital goods under Export Promotion Capital Goods Scheme)	156.54	241.90
(g) On bills of exchange discounted	95.32	75.66
(h) Commitment for Capital contribution to TVS Shriram Growth Fund scheme of TVS Capital Funds	6.38	6.38
(i) Obligation arising out of agreements facilitating credit to a company	41.66	25.00
(j) On factoring arrangements	3.96	3.49
<b>4 Liability contested and not provided for</b>		
a) Excise duty	57.82	66.38
b) Income tax	18.88	19.44
c) Sales tax	3.88	2.44
d) Service tax	9.01	10.11
e) Customs	1.93	1.93
f) Others	4.19	7.19

5 Previous year's figures have been regrouped wherever necessary to conform to this year's classification

## Consolidated Financial Statements of Sundaram-Clayton Limited

### XXV Accounting Standards, Additional Disclosures and Notes on Financial Statements - (continued)

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

Information about primary business segments (Rupees in crores)

Particulars	Business segments													
	Automotive components			Motor Vehicles			Energy business			Others			Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
External sales - domestic	530.84	613.83	6,428.66	5,988.43	28.82	33.74	0.04	0.08	0.08	6,988.36	6,636.08	6,988.36	6,636.08	
- exports	570.15	461.27	1,813.12	1,155.85	-	-	-	-	-	2,383.27	1,617.12	2,383.27	1,617.12	
Inter segment sales	386.69	326.73	45.63	41.14	13.04	18.89	-	-	-	445.36	386.76	445.36	386.76	
Total sales	1,487.68	1,401.83	8,287.41	7,185.42	41.86	52.63	0.04	0.08	0.08	9,816.99	8,639.96	9,816.99	8,639.96	
Less: Inter segment sales	386.69	326.73	45.63	41.14	13.04	18.89	-	-	-	445.36	386.76	445.36	386.76	
Net Revenue	1,100.99	1,075.10	8,241.78	7,144.28	28.82	33.74	0.04	0.08	0.08	9,371.63	8,253.20	9,371.63	8,253.20	
Segment results before interest and tax	75.99	57.15	285.18	231.18	33.81	35.08	0.03	-	-	395.01	323.41	395.01	323.41	
Add: Inter segment revenue										0.59	1.31	0.59	1.31	
Less: Interest										(115.33)	(147.72)	(115.33)	(147.72)	
Add : Exceptional items										36.11	92.78	36.11	92.78	
Add : Extraordinary income										4.58	13.43	4.58	13.43	
Profit before tax										320.96	283.21	320.96	283.21	
Taxes										126.98	87.42	126.98	87.42	
Profit after tax										193.98	195.79	193.98	195.79	
Segment Assets	1,152.31	1,128.81	3,013.29	2,557.13	-	365.53	29.11	30.08	30.08	4,194.71	4,081.55	4,194.71	4,081.55	
Segment Liabilities	769.63	813.91	2,267.84	2,089.77	-	286.92	29.05	30.05	30.05	3,066.52	3,220.65	3,066.52	3,220.65	
Total cost incurred during the year to acquire segment assets	65.14	159.83	410.24	151.17	-	149.01	-	-	-	475.38	460.01	475.38	460.01	
Segment Depreciation	63.29	62.22	143.70	148.44	6.87	15.21	-	0.03	0.03	213.86	225.90	213.86	225.90	
Non-cash expenses/(income) other than depreciation	0.28	0.83	-	(0.27)	-	-	-	-	-	0.28	0.56	0.28	0.56	

Notes :

Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

## Consolidated Financial Statements of *Sundaram-Clayton Limited*

### XXV Accounting Standards, Additional Disclosures and Notes on Financial Statements - (continued)

#### 7 Related party disclosures

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

<b>Associate companies</b>	(i)	TVS Training and Services Limited, Chennai
	(ii)	Sundram Non-Conventional Energy Systems Limited, Chennai.
	(iii)	Emerald Haven Realty Limited, Chennai. (formerly known as Green Earth Homes Limited)
<b>Key Management Personnel</b>	(i)	Mr Venu Srinivasan Chairman and Managing Director, Sundaram-Clayton Limited, Chennai. Chairman and Managing Director, TVS Motor Company Limited, Chennai.
	(ii)	Dr Lakshmi Venu Director-Strategy, Sundaram-Clayton Limited, Chennai.
	(iii)	Mr Sudarshan Venu Whole-Time Director, TVS Motor Company Limited, 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 2013-14

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Amount
1	Purchase of power	Sundram Non-Conventional Energy Systems Limited, Chennai	0.79 (0.83)
2	Rendering of services	Emerald Haven Realty Limited, Chennai	0.10 -
3	Lease rent received	Sundram Non-Conventional Energy Systems Limited, Chennai (Rs.48,000/-)	- (0.01)
4	Receiving of services	TVS Training and Services Limited, Chennai	0.05 -
5	Payables	Sundram Non-Conventional Energy Systems Limited, Chennai	0.02 (0.02)
6	Investments	TVS Training and Services Limited, Chennai	- (1.50)

Previous years figures are furnished in brackets

VENU SRINIVASAN  
*Chairman & Managing Director*

DR LAKSHMI VENU  
*Director - Strategy*

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

Chennai  
14<sup>th</sup> May 2014

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

R RAJA PRAKASH  
*Company Secretary*

M BALASUBRAMANIAM  
*Partner*  
Membership No. F7945

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March 2014

	(Rupees in crores)	
	Year ended 31.03.2014	Year ended 31.03.2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	320.37	281.90
Add: Depreciation and amortisation for the year	213.86	225.90
Amortisation of Foreign Currency Monetary Item		
Translation Difference Account	–	4.70
Movement in reserves on account of consolidation	9.72	7.81
Loss on sale of fixed assets	0.77	0.28
Profit on sale of fixed assets	(0.02)	(0.48)
Profit on sale of investments	(2.67)	(1.49)
Other non-operating income	(3.04)	(5.11)
Exceptional (Income)/loss	(36.11)	(92.78)
Extraordinary (Income)/loss	(4.58)	(13.43)
Dividend income	(0.90)	(1.79)
Interest income	(21.24)	(18.54)
Interest expenditure	115.33	144.69
	271.12	249.76
<b>Operating profit before working capital changes</b>	<b>591.49</b>	<b>531.66</b>
Adjustments for:		
Trade Receivables	(64.03)	(60.11)
Inventories	(7.17)	24.83
Short-term loans and advances	(149.83)	(7.43)
Other current assets	52.76	(34.09)
Trade payables	190.35	88.96
Other non-current liabilities	–	24.83
Other current liabilities (excluding current maturities of long term loans)	111.50	(57.60)
Short-term provisions	8.29	15.01
	141.87	(5.60)
Cash generated from operations	733.36	526.06
Direct taxes paid	(165.90)	(66.64)
<b>Net cash from operating activities (A)</b>	<b>567.46</b>	<b>459.42</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (including capital work-in-progress)	(338.69)	(238.04)
Sale of fixed assets (net of depreciation)	328.98	61.79
Profit on sale of fixed assets	0.02	0.48
Loss on sale of fixed assets	(0.77)	(0.28)
Long-term loans and advances	8.28	(10.74)
Other non-current assets	3.65	(3.65)
Sale/(Purchase) of investments	(89.41)	(51.90)
Exceptional income/ (loss)	36.11	92.78
Extraordinary income/ (loss)	4.58	13.43
Profit on sale of investments	2.67	1.49
Interest received	21.24	18.54
Dividend received	0.90	1.79
<b>Net Cash from/(used in) investing activities (B)</b>	<b>(22.44)</b>	<b>(114.31)</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March 2014 (continued)

		(Rupees in crores)	
		Year ended 31.03.2014	Year ended 31.03.2013
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Share capital increase (IPP)		0.64	–
Share premium		36.42	–
Borrowings:			
Long-term loans availed/(repaid)		(374.32)	(52.76)
Short-term loans availed/ (repaid)		30.77	(132.86)
Long-term provisions		3.67	(5.05)
Other non-operating income		3.04	5.11
Interest paid		(115.33)	(144.69)
Dividend and dividend tax paid		(58.72)	(64.59)
<b>Net cash from financing activities</b>	<b>( C )</b>	<u>(473.83)</u>	<u>(394.84)</u>
<b>D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	<b>(A+B+C)</b>	71.19	(49.73)
Cash and cash equivalents at the beginning of the year			
Cash and Bank	81.80	143.74	
Cash credit balance	<u>(251.66)</u>	<u>(263.87)</u>	
		(169.86)	(120.13)
Cash and cash equivalents at the end of the year			
Cash and Bank	104.01	81.80	
Cash credit balance	<u>(202.68)</u>	<u>(251.66)</u>	
		(98.67)	(169.86)

Notes:

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

VENU SRINIVASAN  
*Chairman & Managing Director*

DR LAKSHMI VENU  
*Director - Strategy*

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

Chennai  
14<sup>th</sup> May 2014

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

R RAJA PRAKASH  
*Company Secretary*

M BALASUBRAMANIAM  
*Partner*  
Membership No. F7945

## Consolidated Financial Statements of Sundaram-Clayton Limited

### 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 Motor Europe B.V.	TVS Motor (Singapore) Pte. Ltd.	PT TVS Motor Company Indonesia	TVS Housing Ltd.	Sundaram-Clayton (USA) Limited	Sundaram Business Development Consulting (Shanghai) Co. Ltd. China	US Dollar in Millions	INR in Crores	RMB ¥ in Millions	INR in Crores
	Year ended 31.03.2014											
(a) Capital	47.51	11.55	28.59	64.36	201.20	10,90,587.80	532.03	0.05	-	1.39	1.25	
(b) Reserves	1,367.77	82.84	(23.93)	(0.44)	(4.80)	(8,14,965.46)	(416.75)	0.02	-	(0.46)	(0.34)	
(c) Total assets	3,564.70	279.12	4.85	74.11	244.49	7,19,382.90	350.37	29.11	0.03	1.00	0.97	
(d) Total liabilities	3,564.70	279.12	4.85	74.11	244.49	7,19,382.90	350.37	29.11	0.03	1.00	0.97	
(e) Details of investment (*)	432.41	3.01	-	-	-	-	-	-	-	-	-	
(f) Turnover including other income	7,992.06	1,877.06	1.25	-	-	1,74,214.89	96.50	0.04	0.04	1.83	1.79	
(g) Profit before taxation	352.54	17.79	(4.09)	(0.01)	(0.04)	(2,18,493.44)	(124.94)	0.03	-	0.10	0.09	
(h) Provision for taxation	90.91	7.11	0.13	-	-	27,817.78	14.94	0.01	-	0.01	0.01	
(i) Profit / (loss) after taxation	261.63	10.68	(4.22)	(0.01)	(0.04)	(2,46,311.22)	(139.88)	0.02	-	0.09	0.08	
(j) Proposed dividend	35.63	2.89	-	-	-	-	-	-	-	-	-	

(\*) except in case of investment in subsidiaries <sup>(#)</sup> Share Capital of the Company is USD 100

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. 59.92 / US \$	Rs. 60.28 / US \$
Singapore \$ to INR	Rs. 47.86 / Singapore \$	Rs. 47.58 / Singapore \$
Indonesian Rupiah to INR	Re. 0.005298 / IDR	Re. 0.005539 / IDR
RMB Yuan to INR	Rs. 9.69 / RMB	Rs. 9.79 / RMB



