

Sundaram-Clayton Limited

53rd Annual Report 2015

Sundaram-Clayton Limited

Board of Directors

venu srinivasan
Chairman & Managing Director
Dr Lakshmi Venu
Joint Managing Director
Sudarshan Venu
Joint Managing Director
K Mahesh
Gopal Srinivasan
T K Balaji
Vice Admiral P J Jacob (Retd.)
Suresh Kumar Sharma
S Santhanakrishnan
V Subramanian
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

Chief Financial Officer

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 Ramam
 Cost Accountant,
 No.10, P. Muthukumaraswami Salai,
 Off. Baby Nagar 1st 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

Share Transfer Department

"Jayalakshmi Estates", 1st 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 : raman@scl.co.in
investorscomplaintssta@scl.co.in

Bankers

STATE BANK OF INDIA
 Corporate Accounts Group Branch
 3rd Floor, Sigapi Achi Building
 18/3, Rukmini Lakshmi Pathi 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

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

Sundaram-Clayton (USA) Limited, USA
 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

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Sundaram-Clayton Limited

FINANCIAL HIGHLIGHTS INCLUDING SELECTED INDICATORS AND RATIOS

(Rupees in crores)

Year ended	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Sales	629.3	816.2	426.9	492.4	492.7	805.7	1017.0	1018.6	1196.8	1346.1
Other income	45.3	48.6	34.5	36.3	46.3	22.2	34.2	38.1	35.8	55.0
Total	674.6	864.8	461.4	528.7	539.0	827.9	1051.2	1056.7	1232.6	1401.1
Exceptional Income	-	-	-	-	-	-	25.3	-	5.8	3.06
Total Income	674.6	864.8	461.4	528.7	539.0	827.9	1076.5	1056.7	1238.4	1404.2
Gross profit before interest, depn & tax	141.1	176.1	73.9	60.1	71.8	107.8	166.7	127.9	149.7	181.1
Depreciation	26.9	32.8	27.7	31.0	37.6	40.8	47.3	51.3	53.2	59.8
Profit before interest & tax	113.2	143.3	46.2	29.1	34.2	67.0	119.4	76.6	96.5	121.3
Interest	7.9	15.2	10.8	22.1	20.5	21.7	38.4	44.3	35.7	36.9
Profit before taxation	105.3	128.1	35.4	7.0	13.7	45.3	81.0	32.3	60.8	84.4
Profit after taxation	74.9	91.6	23.9	6.3	12.4	37.3	72.3	35.4	53.7	71.2
Net Fixed assets	302.5	326.4	240.2	304.3	307.4	366.1	395.0	408.8	405.9	418.2
Net current assets	77.0	170.6	213.7	219.0	172.6	212.6	230.0	248.6	256.0	289.1
Share capital	18.9	18.9	9.5 ^(a)	9.5	18.9 ^(b)	18.9	9.5 ^(c)	9.5	10.1 ^(d)	10.1
Reserves & surplus	270.5	325.2	226.6	221.9	225.4	241.3	273.0	282.6	333.5	364.5
Networth	289.4	344.1	236.1	231.4	244.3	260.2	282.5	292.1	343.6	374.6
Loan funds	146.1	215.8	267.4	339.3	288.7	359.5	389.7	414.3	362.2	378.2
Deferred taxation (net)	15.4	19.4	19.8	19.9	20.3	21.7	20.0	16.9	18.5	22.3
EPS (Rs)	39.26	48.06	12.61	3.34	3.26	9.82	30.13	18.67	27.00	35.20
DPS (Rs)	12.00	17.00	8.75	2.00	1.75	5.75	11.50	14.00	19.25	19.00
Book value per share (Rs)	152.57	181.41	127.48	122.00	64.41	68.60	148.93	153.98	169.84	185.2
Return on capital employed (ROCE) %	28.1	27.8	8.4	5.2	6.0	11.2	17.9	10.8	13.3	16.2
Return on net worth (RONW) %	28.3	28.9	8.2	2.7	5.2	14.8	26.6	12.3	16.9	19.8
Fixed assets turnover (no of times)	2.2	2.6	1.5	1.8	1.6	2.4	2.7	2.5	2.9	3.3
Working capital turnover (no of times)	11.7	6.6	2.2	2.3	2.5	4.2	4.6	4.3	4.7	4.9
Gross profit as % of sales (EBITDA)	22.4	21.6	17.3	12.2	14.6	13.4	13.9	12.6	12.0	13.2
Gross profit as % of total income	20.9	20.4	16.0	11.4	13.3	13.0	13.4	12.1	11.7	12.7
Net profit as % of total income	11.1	10.6	5.2	1.2	2.3	4.5	4.5	3.4	3.9	4.9

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.

Profitability ratios are calculated without considering the exceptional income.

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

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

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

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

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-third annual general meeting of the Company will be held at 'The Music Academy', New No. 168 (Old No. 306) T.T.K. Road, Royapettah, Chennai 600 014 on Thursday, the 20th August 2015 at 10.00 A.M to transact the following business:

ORDINARY BUSINESS

1. To consider passing the following resolution as an ordinary resolution:
"RESOLVED THAT the audited balance sheet as at 31st March, 2015, the statement of profit and loss, notes forming part thereof, the cash flow statement for the year ended on that date and the consolidated financial statements, together with the directors' report and the auditors' report thereon as circulated to the members and presented to the meeting be and the same are hereby approved and adopted."
2. To consider passing the following resolution as an ordinary resolution:
"RESOLVED THAT Mr K Mahesh (holding DIN 00051438), director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a director of the Company."
3. To consider passing the following resolution as an ordinary resolution:
"RESOLVED THAT Dr Lakshmi Venu (holding DIN 02702020), director, who retires by rotation and being eligible, offers herself for re-appointment, be and is hereby re-appointed as a director of the Company."
4. To consider passing the following resolution as an ordinary resolution:
"RESOLVED THAT the re-appointment of M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, having Firm Registration No. 004207S, allotted by The Institute of Chartered Accountants of India, as statutory auditors of the Company to hold office, from the conclusion of this annual general meeting till the conclusion of the next annual general meeting for the second year in the transitional period of three consecutive years as recommended by the audit committee of directors and approved by the board of directors of the Company, in terms of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 on such remuneration, as may be mutually agreed upon between the Board of Directors of the Company and the Statutory Auditors in addition to reimbursement of service tax, travelling and out-of-pocket expenses be and is hereby ratified."

SPECIAL BUSINESS

5. To consider passing the following resolution as an ordinary resolution:
"RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) the remuneration of Rs. 3,00,000/- (Rupees three lakhs only), in addition to reimbursement of service tax, travelling and out-of-pocket expenses, payable to Mr A N Raman, practising cost accountant, holding Membership No. 5359, allotted by The Institute of Cost Accountants of India, who was appointed

as cost auditor of the Company for the year 2015-16 by the board of directors of the Company, as recommended by the audit committee of directors, be and is hereby ratified."

6. To consider passing 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 Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), consent of the Company be and is hereby accorded to the re-appointment and remuneration of Dr Lakshmi Venu (holding DIN 02702020), as the joint managing director of the Company for a period of five years with effect from 22nd March 2015, upon such terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as recommended by the nomination and remuneration committee of directors and the board of directors (the board) as set out in the Agreement placed before this annual general meeting, which Agreement is hereby specifically sanctioned with authority to the board (which term shall be deemed to include any duly authorized committee thereof for the time being exercising the power conferred on the board by this Resolution) to alter and vary the terms and conditions of the said appointment and remuneration and / or agreement in such manner, as it may deem fit and as may be agreed to between the board and Dr Lakshmi Venu and for this purpose the board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary."
"RESOLVED FURTHER THAT the scope and quantum of remuneration specified hereinabove, may be enhanced, enlarged, widened, altered or varied by the board, in light of and in conformity with any amendment to the relevant provisions of the Act 2013 / Income Tax Act 1961 and/or the rules and regulations made thereunder and/or such guidelines, as may be announced by the Central Government, from time to time."
"RESOLVED FURTHER that the board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to the aforesaid Resolution."
7. To consider passing 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 Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), consent of the Company be and is hereby accorded to the appointment and remuneration of Mr Sudarshan Venu, (holding DIN 03601690), as the joint managing director of the Company for a period of five years with effect from 11th September 2014, upon such terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of

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profits in any financial year during the aforesaid period), notwithstanding his holding the position as joint managing director in the subsidiary company, namely TVS Motor Company Limited (TVSM) and drawing remuneration as approved by its shareholders, from time to time, provided that the total remuneration drawn by him from the Company and TVSM does not exceed the higher maximum limit admissible from any one of these companies, in terms of Schedule V to the Act, 2013, as recommended by the nomination and remuneration committee of directors and the board of directors (the board), as set out in the Agreement placed before this annual general meeting, which Agreement is hereby specifically sanctioned with authority to the board (which term shall be deemed to include any duly authorized committee thereof for the time being exercising the power conferred on the board by this Resolution) to alter and vary the terms and conditions of the said appointment and remuneration and / or Agreement in such manner, as it may deem fit and as may be agreed to between the board and Mr Sudarshan Venu and for this purpose the board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary."

"RESOLVED FURTHER THAT the scope and quantum of remuneration specified hereinabove, may be enhanced, enlarged, widened, altered or varied by the board, in light of and in conformity with any amendment to the relevant provisions of the Act 2013 / Income Tax Act 1961 and/or the rules and regulations made thereunder and/or such guidelines, as may be announced by the Central Government, from time to time."

"RESOLVED FURTHER that the board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to the aforesaid Resolution."

By order of the board

Chennai
8th May 2015

R Raja Prakash
Company Secretary

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

Notes:

- 1) A member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote instead of himself and the Proxy or Proxies so appointed need not be a member or members, as the case may be, of the Company. The instrument appointing the Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority shall be deposited at the registered office of the Company, not later than 48 hours before the time fixed for holding the meeting. 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 (the Act 2013), in respect of the special businesses, as set out in the Notice of fifty-third Annual General Meeting (AGM) is annexed hereto.
- 3) The business set out in the Notice of AGM will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the meeting ('remote e-Voting'). The facility for voting through Ballot papers shall be made available at the AGM and the members attending the AGM who have not cast their vote by remote e-Voting shall be able to vote at the AGM.
- 4) The register of members and the share transfer register will remain closed for a period of two days viz., 19th August 2015 and 20th August 2015 for the purpose of AGM.
- 5) In terms of Section 205A read with Section 205C of the Companies Act, 1956 (the Act 1956), the dividends 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 attached to this Notice. Members who have not encashed their dividend warrants in respect of the above period mentioned in the Corporate Governance Report 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 Act 1956 on its website and also on the website of the Ministry of Corporate Affairs (MCA) in the relevant form every year.
- 6) Members holding shares in physical form, in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding / trading.
- 7) Electronic copy of the Notice of AGM and the Annual Report *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 Participant(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.
- 8) Members are requested to notify any change in their address to the Company immediately. Members holding shares in electronic form are requested to advise change of their address to their Depository Participants.

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- 9) As a measure of economy, copies of the Annual Report will not be distributed at the venue of AGM. Members are, therefore, requested to bring their copies of the Annual Report to the meeting.
- 10) 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 AGM.
- 11) Members may also note that the Notice of AGM and the Annual Report will also be available on the Company's website www.sundaram-clayton.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the members may also send their requests to investorscomplaintssta@scl.co.in.
- 12) In terms of Section 108 of the Act 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended ('the Rules') and Clause 35B of the Listing Agreement, the Company has provided facility to exercise votes through electronic voting system, to members holding shares as on 13th August 2015, being the "Cut-Off date" ("Cut-Off" for the purpose of Rule 20(4)(vii) of the Rules) fixed for determining voting rights of members entitled to participate in the e-Voting process through the e-Voting platform provided by NSDL by typing the URL: <https://www.evoting.nsdl.com>.
- The voting rights of the members/beneficial owners will be reckoned on the Equity Shares held by them as on 13th August 2015, i.e., "Cut-Off date" for the purpose. Members as on the Cut-Off date, i.e., 13th August 2015, only shall be entitled to avail the facility of remote e-Voting or Ballot paper.
- The instructions for remote e-Voting are as under:
- (A) For members - who receive Notice of AGM through e-mail:
- i) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>;
 - ii) Enter the login credentials, i.e., User ID and Password mentioned in your email. Your Folio No. DP:ID will be your User ID. However, if you are already registered with NSDL for e-Voting, you can use your existing User ID and Password for casting your votes;
 - iii) Initial password is provided in the body of the e-mail;
 - iv) After entering the details appropriately, click on LOGIN;
 - v) You will reach the Password Change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$ etc). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential;
- vi) You need to login again with the new credentials;
 - vii) On successful login, the system will prompt you to select the EVEN, i.e., Sundaram-Clayton Limited;
 - viii) On the voting page, the number of shares (which represents the number of votes) as held by the member as on the Cut-Off-date will appear. If you desire to cast all the votes assenting/dissenting to the resolutions, then enter all the number of shares and click "FOR" / "AGAINST", as the case may be or partially in "FOR" and partially in "AGAINST", but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the 'Cut-Off date'. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head;
 - ix) Members holding multiple folios/demat accounts shall choose the voting process separately for each folio / demat account;
 - x) Cast your votes by selecting an appropriate option and click on "SUBMIT". A confirmation box will be displayed. Click 'OK' to confirm or 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolutions;
 - xi) Corporate / 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 authorised signatory(ies) who is / are authorised to vote, to the Scrutinizer through e-mail sriram.krishnamurthy@rediffmail.com. They may also upload the same in the e-Voting module in their login. The scanned image of the above documents should be in the naming format "Corporate Name EVEN No."
 - xii) Members can cast their vote online from 14th August 2015 (Friday) (9 a.m.) till 19th August 2015 (Wednesday) (5 p.m.) through remote e-Voting. Once the vote on a resolution is cast by the member, the member will not be allowed to change it subsequently. The remote e-Voting will not be allowed beyond the aforesaid date and time. The remote e-Voting module will be disabled by NSDL for voting thereafter. Only members as on the Cut-Off date, attending the AGM who have not cast their vote by remote e-Voting will be able to exercise their voting right at the AGM through ballot paper. The members who have cast their vote by remote e-Voting prior to the AGM may also attend the AGM but will not be entitled to cast their vote again. A person who is not a member as on the Cut Off date should treat this Notice of AGM for information purposes only; and
 - xiii) In case of any query, the member may refer the Frequently Asked Questions (FAQs) for Members and remote e-Voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

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(B) For members who receive the Notice of AGM in physical form:

- i) Initial password is provided as below / at the bottom of the Attendance Slip for the AGM. **EVEN** (remote e-Voting **USER ID PASSWORD** / Event Number) **PIN**
- ii) Please follow steps from Sl. No. (ii) to (xiii) under heading (A) above to vote through e-Voting platform.

(C) General Instructions:

- i) Members holding shares as on the "Cut-off date" i.e., 13th August 2015 will be entitled to vote through remote e-Voting or at the venue of the AGM through ballot paper;
- ii) The Notice of the AGM is being sent (by email where email ID is available and in physical form in other cases) to the members holding shares of the Company as on 17th July 2015;

Where Notice of AGM is sent by email, User ID and password are sent in the email itself. Where Notice of AGM is sent in physical form, User ID and Password are printed at the bottom of the Attendance Slip for the AGM sent along with the Notice of AGM;

Shareholders who become members of the Company, after despatch of notice i.e., 17th July 2015 and hold shares as on 13th August 2015 may obtain the User ID and password for e-Voting by sending email, intimating DP ID and Client ID / Folio No. to raman@scl.co.in or member may send an e-mail request to evoting@nsdl.co.in or can vote through ballot paper distributed at the AGM. Remote e-Voting shall be open from 14th August 2015 (Friday) (9 a.m.) till 19th August 2015 (Tuesday) (5 p.m.);

- iii) Mr K Sriram, Practising Company Secretary (C.P No. 2215), Chennai has been appointed by the board as scrutinizer for conducting the remote e-Voting process and voting through ballot papers at the AGM, in a fair and transparent manner.
- iv) The Scrutinizer shall, immediately after the conclusion of the voting at the AGM, first count the votes cast at the meeting, thereafter unlock the votes through remote e-Voting in the presence of at least two witnesses, not in the employment of the Company and make, not later than three days from the conclusion of the AGM, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the chairman of the Company, or a person authorised by him in writing, who shall countersign the same.
- v) The Scrutinizer will submit his report to the Chairman, or a person authorised by him in writing, who will declare the result of the voting. The results declared along with the Scrutinizer's report will be placed on the Company's website www.sundaram-clayton.com & on the website of NSDL <https://www.evoting.nsdl.com> and shall also be communicated to the Stock Exchanges. All the resolutions, subject to receipt of requisite number of votes, shall be deemed to be passed at the AGM scheduled to be held on 20th August 2015.

- vi) All documents referred to in the accompanying Notice of AGM and the Explanatory Statement will be open for inspection at the Registered Office of the Company during 10.00 a.m. to 12.00 noon on all working days up to and including the date of the AGM.

13) In terms of Clause 49(VIII)(E) 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 shareholdings and relationship with other directors of the Company are given below:

I. Mr K Mahesh

Born on 11th October 1943, Mr K Mahesh is a B.Tech graduate in Metallurgy from IIT Chennai. He was the past President of Automotive Component Manufacturers Association of India (ACMA) and also the past Chairman of ACMA Centre for Technology. He is the founder trustee of TSK Memorial Trust. He was the member of the National Council of Confederation of Indian Industry.

He has been the director of the Company since 1975 and holds 123 Equity Shares in the Company. He 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.	T V Sundram Iyengar & Sons Private Limited	Whole-time Director	-
2.	Sundaram Brake Linings Limited	Chairman	Member in CSR Committee
3.	Southern Roadways Limited	Director	-
4.	Sundaram Textiles Limited	Director	-
5.	TVS Global Trade Private Limited	Director	-

II. Dr Lakshmi Venu

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

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

She was re-designated as joint managing director of the Company by the board on 11th September 2014.

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

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

S.No.	Name of the Company	Position held
1.	TVS Motor Company Limited	Director
2.	TAFE Motors and Tractors Limited	Director
3.	Sundram Non-Conventional Energy Systems Limited	Director
4.	Sundaram Auto Components Limited	Director
5.	Sundaram-Clayton (USA) Limited	Director

III. Mr Sudarshan Venu

Born on 1st 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 holds bachelor degree in Mechanical Engineering from the School of Engineering and B.S. in Economics from the Wharton

School. He also completed his M.Sc in International Technology Management from the Warwick Manufacturing Group attached to University of Warwick in U.K.

In the initial years, during his visits to India, he underwent practical training in Die Casting Division of the Company and in TVS Motor Company Limited, the subsidiary company.

The board at its meeting held on 11th September 2014, appointed Mr Sudarshan Venu as joint managing director of the Company.

He also serves as the joint managing director of the subsidiary, namely TVS Motor Company Limited (TVSM). He is a member of the Stakeholders Relationship Committee of directors of TVSM.

He does not hold any share in the Company. He is related to Mr Venu Srinivasan, chairman and managing director and Dr Lakshmi Venu, joint managing director of the Company.

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

The following Explanatory Statement sets out all material facts relating to the special business mentioned in the accompanying Notice dated 8th May 2015 and shall be taken as forming part of the said Notice.

Item No. 5

The board on the recommendation of Audit Committee, at its meeting held on 8th May 2015, appointed Mr A N Raman, practising cost accountant, having membership no. 5939, as cost auditor of the Company, in terms of Section 148 of the Companies Act, 2013 (the Act 2013).

In terms of Section 148(3) of the Act 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditor, as recommended by the audit committee and approved by the board, is required to be ratified by the shareholders of the Company, at the ensuing AGM.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.5 of this Notice.

The board, therefore, recommends the ordinary resolution, as set out in item No.5, for ratification of the remuneration payable to the cost auditor by the shareholders of the Company.

Item No. 6

The board on the recommendation of nomination and remuneration committee of directors (NRC) at its meeting held on 11th September, 2014, re-designated Dr Lakshmi Venu as joint managing director (JMD) of the Company without changing any of the terms and conditions of her appointment and remuneration, as approved by the shareholders at the annual general meetings held on 22nd September, 2010, 30th September 2011 and 21st August 2014.

In view of the present term of her office expired on 21st March 2015, the board at its meeting held on 4th February 2015, appointed her as JMD as recommended by the NRC of directors, subject to the such terms and conditions of appointment and remuneration to be approved by the shareholders at the ensuing AGM.

Accordingly, the Company also entered into necessary Agreement on 4th February 2015 with Dr Lakshmi Venu in this regard. The details of remuneration payable in terms of the said Agreement entered into between the Company and Dr Lakshmi Venu are as follows:

- i) 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.

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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 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 aforesaid will not exceed the maximum permissible limit of the 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 XIII to the Companies Act, 1956.

In compliance with the provisions of Sections 196, 197 and other applicable provisions of the Act 2013, read with Schedule V to the Act 2013, the details of remuneration specified above are now being placed before the Members for their approval.

Dr Lakshmi Venu is deemed to be interested in this resolution since it relates to her appointment and remuneration as JMD and Mr Venu Srinivasan, CMD and Mr Sudarshan Venu, JMD of the Company are also deemed to be interested, 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 as set out in Item No.6 of this Notice.

The board, therefore, recommends the resolution, as set out in item no.6 in the Notice to be approved by the shareholders, by way of an ordinary resolution.

Item No. 7

The board, at its meeting held on 11th September 2014, after considering Mr Sudarshan Venu's specialized academic achievements and his intensive training in areas of business strategy, product design, sales and marketing for a period of over 3 years and after taking into account the recommendation of the nomination and remuneration committee of directors, appointed him as joint managing director in the rank of managing director of the Company (JMD) effective 11th September 2014.

The board was of the opinion that his elevation would benefit the Company, as it has been looking for opportunities to expand its business in the domestic and international fronts.

The brief terms and conditions of his remuneration are as follows:

- i) Salary : Rs.2,00,000/- per month.
- 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 Joint 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.

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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. Leave Travel Concession
Leave travel concession for four weeks in a year including two trips in a year abroad.
- III. Personal Accident Insurance
Personal accident insurance for an amount, the annual premium of which does not exceed Rs.5,00,000/-.
- IV. 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.
- V. Gratuity as per rules of the Company, not exceeding half a month's salary for each completed year of service.
- VI. 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.
- VII. Car
He will be provided with two cars, both for use on Company's business and for private purposes, 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.
- VIII. Telephone
He 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.
- IX. Reimbursement of all actual expenses, including on entertainment and travelling in the course of the Company's business.
- X. No sitting fees be paid for attending the meetings of the Board or Committees thereof.

Other terms:

- i) Total remuneration as aforesaid will not exceed the maximum permissible limit of the net profits of the Company, every year.

ii) In the event of loss or inadequacy of profits in any financial year, the board of directors on the recommendation of the Committee shall revise the remuneration payable to him during such financial year, in such manner as may be agreed to between the board of directors and the JMD and within the limits prescribed in this behalf under Schedule V to the Act 2013 (the Act 2013), including any statutory modification(s) or re-enactment thereof for the time being in force, from time to time.

iii) The above remuneration payable to Mr Sudarshan Venu as JMD is notwithstanding the fact that he draws remuneration as JMD of the Company's subsidiary viz., TVS Motor Company Limited, as approved by its shareholders such that the total remuneration drawn from the companies does not exceed the higher maximum limit admissible from any one of the companies.

In compliance with the provisions of Sections 196, 197 and other applicable provisions of the Act 2013, read with Schedule V to the Act 2013, the terms of remuneration specified above are now being placed before the Members for their approval.

Mr Sudarshan Venu is deemed to be interested in this resolution since it relates to his appointment and remuneration as JMD and Mr Venu Srinivasan, CMD and Dr Lakshmi Venu, JMD are also deemed to be interested, 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 as set out in Item No.7 of this Notice.

The board, therefore recommends the resolution, as set out in item no.7 in the Notice to be approved by the shareholders, by way of an ordinary resolution.

Inspection of documents :

The document(s), referred to in any item of business 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
8th May 2015

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 third annual report and the audited accounts for the year ended 31st March 2015.

1. FINANCIAL HIGHLIGHTS

Details	(Rs. in Cr)	
	Year ended 31.03.2015	Year ended 31.03.2014
Sales and other income	1,401.11	1,232.54
Profit before finance cost and depreciation	178.05	143.82
Less: Finance Cost	36.88	35.65
Depreciation	59.82	53.21
Profit after finance cost and depreciation	81.35	54.96
Add : Exceptional Item (Income)	3.06	5.83
Profit before tax	84.41	60.79
Less: Provision for :		
Income tax	9.50	5.50
Deferred tax	3.75	1.63
Profit after tax	71.16	53.66
Surplus brought forward from previous year	77.63	68.49
Total	148.79	122.15
Appropriations:		
First interim dividend paid	18.21	18.21
Second interim dividend paid	8.09	7.59
Third interim dividend payable	12.14	13.15
Dividend tax paid	-	0.20
Transfer to general reserve	7.12	5.37
Balance carried to Balance Sheet	103.23	77.63
Total	148.79	122.15

2. DIVIDEND

The board of directors (the board) at their meeting held on 4th February 2015, declared a first interim dividend of Rs.9.00 per share (180%) absorbing a sum of Rs.18.21 Cr for the year 2014-15 and the same was paid to the shareholders on 14th February 2015.

The board at its meeting held on 20th March 2015, declared a second interim dividend of Rs.4 per share (80%) absorbing a sum of Rs. 8.09 Cr for the year 2014-15 and the same was paid to the shareholders on 30th March 2015.

The board, at its meeting held on 8th May 2015, declared a third interim dividend of Rs. 6 per share (120%) for the year 2014-15 absorbing a sum of Rs 12.14 Cr. The same will be paid to the shareholders on or after 18th May 2015.

Hence, the total amount of dividend including the third interim dividend payable, for the year ended 31st March 2015 will aggregate to Rs.19 per share (380%) 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. PERFORMANCE

During the year 2014-15, Gross Domestic Product (GDP) registered a growth rate of 7.4% as against the 6.9% achieved in 2013-14 (Source: RBI). The Indian auto industry also has posted growth of 8.3% (Source: SIAM).

During 2014, GDP estimates in US increased to 2.4% as against 2.2% in 2013 (Source: World Bank) and Europe's GDP estimates at 0.8% in 2014 as against -0.4% in 2013 (Source: World Bank).

In this background, North American class 8 truck segment grew by 14% (Source: FTR), while, the sale of European medium and heavy trucks declined by 6% (Source: ACEA)

The following table highlights the performance of the Company during 2014-15:

Particulars	2014-15	2013-14	Variance (in %)
Sales (Tonnage)	44065	39505	12
Sale of goods (Rs. in Cr)	1257.6	1143.8	10
Domestic sales (Rs. in Cr)	726.7	573.9	27
Export sales (Rs. in Cr)	530.9	569.9	-7
Profit before Tax (Rs. in Cr)	84.4	60.8	39

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. Industry Structure and Development:

Domestic

Inflation has fallen significantly after hovering around 10% for several years. CPI average moved to 6.5% in FY15. (Source: CRISIL)

The automotive industry, after showing promising growth in the first half of the fiscal year, slowed down considerably in the second half of the year. However, most segments registered growth over the previous year due to good performance in the first half. The segment wise sales performance is given in the following table.

Category	FY 2014-15 Nos.	FY 2013-14 Nos.	Variance (in %)
Medium and Heavy Commercial Vehicles (M & HCV)	2,63,407	2,24,431	+17%
Light Commercial Vehicles (LCV)	4,37,336	4,85,470	-10%
Passenger Vehicles	32,23,581	30,99,651	+4%
Two Wheelers	1,84,62,478	1,68,90,778	+9%

(Source: SIAM)

Sundaram-Clayton Limited

India is emerging as the major producer of high value, technologically advanced components and sub-systems not only to meet the domestic market requirements, but also exporting to several major OEMs all over the world.

Exports

Global economic growth in 2014 picked up marginally to 2.6% from 2.5% in 2013 which is lower than initially expected, continuing a pattern of disappointing outturns over the past several years. (Source: World Bank).

However, economic activity in the US has gathered momentum as labour markets heal and monetary policy remains extremely accommodative. US economy grew by 2.4% in 2014 against 2.2% in 2013. (Source: World Bank).

Cheaper oil is boosting real incomes and consumer sentiment, despite the projected gradual rise in interest rates. The US economy is showing signs of sustained growth with improving GDP, job market and consumer spending.

However in Europe and Japan, the recovery has been sputtering as legacies of the financial crisis linger, intertwined with structural bottlenecks.

Europe was largely characterized by uncertainty about the strength of economic recovery owing to concerns surrounding Russia and stability of the European Union. This was also reflected adversely in the heavy duty truck registrations.

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

Market	Category	2014	2013	Variance (in %)
North America	Class 8 Trucks	2,72,237	2,39,443	+14
North America	Class 4-7 Trucks	2,11,716	1,91,551	+11
Europe	Medium & Heavy trucks	2,17,958	2,32,095	-6%

(Source: FTR & ACEA)

II. Business Outlook and Overview

The outlook for India is for economic strengthening through higher infrastructure spending, increased fiscal devolution to states, continued reform to financial and monetary policy. The government underscored its intention to move steadily and tackle the politically difficult structural issues that have stalled investment and limited economic performance in recent years.

With supportive policies, lower inflation and pickup in capital expenditure, growth is expected to edge up further to 7.8-8.0% in FY 16 (Source CRISIL).

Amidst the mood of pessimism and uncertainties that engulf a number of advanced and emerging economies, India has an encouraging long term economic outlook. The Government's commitment to calibrate fiscal management and consolidation bode well for the growth prospects and the overall macroeconomic situation improvement in the future.

The Indian auto component industry is expected to register a turnover of US\$ 66 billion by FY 16 with the likelihood to touch US\$ 115 billion by FY 21. In addition, industry exports are projected to reach US\$ 12 billion by FY 16 and reach US\$ 30 billion by FY 21. (Source: ACMA). The "Make in India" pitch may further boost the growth of component industry.

Global growth is expected to rise to 3.0% in 2015, and average about 3.2% through 2017. (Source: World Bank). The US economic growth is expected to be around 3% in 2015, largely due to more robust private domestic demand. EU growth is unlikely to cross 1% owing to high unemployment levels.

Our customers in US are key players in the heavy duty truck market and have given an indication of good order intake. Positive economic conditions (oil prices, low inflation) and poor fuel economy of aging fleet are driving order placement. The Company expects the overall demand in this region to be buoyant.

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 are likely to benefit the Company.

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 will provide for increased growth opportunities, since the Company is already a preferred source for aluminum castings to major OEM's in India and abroad.

The 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 hubs 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.

Intense competition 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

There are possible risks on the horizon, both external and domestic. Spillovers from weak global growth and potential global financial market volatility could be disruptive.

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On the domestic side, weakness in rural economy appears to persist owing to nominal growth in crop prices, unseasonal rains, stagnating rural wages and declined Rabi output.

Three developments in global economy are likely to shape the outlook for developing countries.

- The beginning of rate hikes in the US, leading to modestly tighter global financing condition;
- Commodity prices, which have fallen on expanding supply and concerns about global growth, are expected to remain soft; and
- Anemic recovery in Europe and Japan which together account for a third of global imports will continue to weigh on global trade growth.

Overall, downside risks still persist, reflecting global headwinds and geopolitical uncertainty.

Industry specific

The Company caters to the requirements of the automotive industry. The revenue of the Company is derived from Medium & Heavy Commercial Vehicles (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 has been taking customer focussed measures to remain competitive in the market place.

As no major economic recovery in China is expected, International prices of aluminum is expected to remain at levels witnessed in FY 15. Crude prices are expected to marginally increase from the current levels.

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, import of raw materials and capital goods and foreign currency liabilities, the Company is always exposed to currency fluctuations. Since Q4 of FY15, Indian rupee has appreciated against the Euro causing a reduction in the realization on Euro based exports. However, the Company has a well-defined forex hedging policy to mitigate the risks.

Contractual

The stipulation and requirements of the automobile industry demands high quality products. Robust quality management systems meeting international standards like TS 16948 are in place to ensure excellent product quality. However, appropriate recall and product liability insurance in line with standard industry practice have been taken.

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

Capacity utilization

The Company adds capacity to meet the projected demand of customers. The Company closely monitors the progress of customer projects/ volumes and appropriately deploys the assets to minimize the twin risks of under-utilization and delay in capacity addition.

Risk Management Policy

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

Risks and effectiveness of their management are internally reviewed and reported regularly to the board. The management has reported to the board that the Company's risk management and internal compliance and control system are operating efficiently and effectively in all material respects.

The board is satisfied that there are adequate systems and procedures in place to identify, assess, monitor and manage risks. The audit committee of directors also reviews reports by members of the management team and recommends suitable action. Risk Mitigation Policy has been approved by the board.

V. Internal control systems and their adequacy

The Company has a proper and adequate internal control system to ensure that all the assets of the Company are safeguarded and protected against any loss and that all the transactions are properly authorized and recorded. Information provided to management is reliable and timely and statutory obligations are adhered to.

Internal Financial Controls

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

VI. Operations Review

A. Manufacturing

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

Continuous improvement projects are implemented to improve the product quality and productivity in all the manufacturing locations. The Company's journey of achieving manufacturing excellence was recognized and rewarded by the following customers during FY 15.

- Cummins : Superior quality award
- Hyundai : "4+ Star" quality rating
- Visteon : Appreciation for VAVE in new product development.

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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 15th consecutive year.

Employees have completed 641 projects by applying statistical tools through Quality Control Circles (QCC) in 2014-15. The average number of suggestions implemented per employee in 2014-15 was 47.

C. Cost Management

Cost management is a continuous journey and the Company manages the same through deployment of costs across all departments. A cross functional team 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 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

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

The Company focuses on attracting the best talent and enjoys a good brand image across leading educational institutions and industry.

Collaborative education program has been initiated with a couple of premier institutes as a long term strategy of the Company to develop role-ready engineers with company-specific knowledge at the entry level. The Company also blends successfully mid-career recruitment with internally grown talent.

Career development workshops are conducted to identify high potential employees. Employees with high potential for growth will be groomed and prepared for taking up higher responsibilities in the Company. A reward and recognition system is in place to motivate and also provide fast track growth for the high potential employees. Our engineers and executives are sponsored for advanced study / training programmes offered by 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 engineers and executives.

Leadership development continues to be one of our key initiatives. Customised management development programs have been developed with reputed educational institutions to hone the leadership skills of the senior executives.

The Company conducts a structured survey on employee satisfaction every year and identifies improvement areas to work on.

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

As of 31st March 2015, the Company had 2,284 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.

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.

5. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(3)(c) read with 134(5) of the Act 2013, with respect to Directors' Responsibility Statement, it is hereby stated -

- i. that in the preparation of annual accounts for the financial year ended 31st March 2015, the applicable Accounting Standards had been followed and that there were no 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 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the directors had prepared the accounts for the financial year ended 31st March 2015 on a "going concern basis."
- v. that the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

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- vi. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

6. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

SST, the CSR arm of the Company, with the vision of building self-reliant rural communities, was established in 1996. Over 19 years of service, SST has played a pivotal role in changing lives of people in many villages in rural India by creating self-reliant communities that are models of sustainable development.

The Company is therefore eligible to spend on their ongoing projects / programs, falling within the CSR activities specified under the Act 2013, as mandated by the Ministry of Corporate Affairs (MCA) for carrying out the CSR activities and also projects undertaken by other non-profitable organizations having a track record of more than the prescribed years in undertaking similar projects and programmes.

The CSR Committee of directors of the Company formulated and recommended a Corporate Social Responsibility policy in terms of Section 135 of the Act 2013 along with a list of projects / programmes to be undertaken for CSR spending in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Based on the recommendation of the CSR Committee, the board has approved the projects / programs carried out as CSR activities by the following non-profitable organizations having a track record of more than the prescribed years in undertaking similar programmes / projects, for CSR spending not less than 2% of average net profits, made during the immediately preceding three financial years, for the current financial year 2014-2015.

S. No.	Name of the Trust	Amount spent (Rs. in Lakhs)
1.	Sri Sathya Sai Lokaseva Trust	10.00
2.	Sri Sathya Sai Central Trust	15.00
3.	Andhra Pradesh Chief Minister's Relief Fund	11.00
	Total	36.00

As required under Section 135 of the Act 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the annual report on CSR activities containing the particulars of the projects / programmes approved and recommended by CSR Committee and approved by the board are given by way of **Annexure IV** attached to this Report.

7. FINANCIAL PERFORMANCE & POSITION OF SUBSIDIARIES & ASSOCIATE COMPANIES

The following are the subsidiaries and associates of the Company:

Name of the Company	Status
Sundaram-Clayton (USA) Limited TVS Motor Company Limited	Subsidiaries of Sundaram-Clayton Limited
Sundaram Auto Components Limited TVS Housing Limited TVS Motor Company (Europe) B.V. TVS Motor (Singapore) Pte. Limited PT. TVS Motor Company Indonesia Sundaram Business Development Consulting (Shanghai) Company Limited	Subsidiaries of TVS Motor Company Limited
TVS Training and Services Limited Sundram Non-Conventional Energy Systems Limited Emerald Haven Realty Limited	Associates of Sundaram-Clayton Limited

Subsidiaries of the Company

Sundaram - Clayton (USA) Limited

Sundaram-Clayton (USA) Limited, a wholly subsidiary of the Company is engaged in the business of providing Professional Employer Organization ("PEO") services to the employees of the Company. The Company earned a revenue of USD 6,598 and net income after adjustment of expenses amounted to USD 263 for the year ended 31st March 2015.

TVS Motor Company Limited (TVSM)

TVS Motor Company Limited (TVSM), a listed company, is engaged in the business of manufacture of two and three wheelers. During the year, TVSM achieved a turnover of Rs. 10130.83 Cr and earned a profit after tax of Rs. 347.83 Cr during the year 2014-15.

TVSM declared first interim dividend of Re.0.75 per share (75%) for the year 2014-15 absorbing a sum of Rs. 41.95 Cr including dividend distribution tax. It also declared a second interim dividend of Rs.1.15 per share (115%) for the year 2014-15 absorbing a sum of Rs.65.56 Cr including dividend distribution tax.

Hence, the total amount of dividend including the second interim dividend for the year ended 31st March 2015 will aggregate to Rs.1.90 per share (190%) on 47,50,87,114 equity shares of Re.1/- each.

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Sundaram Auto Components Limited (SACL)

During the year, SACL, a wholly owned subsidiary of TVSM, has achieved a turnover of Rs.415 Cr in Plastics component business and earned a profit after tax of Rs.25.32 Cr.

SACL was awarded the best supplier "System Rating" by Visteon CCS for the year 2014-15. During the year, SACL secured new businesses for manufacture of exterior painted parts and assemblies, safety critical air bag cover parts, interior assemblies and Heating, Ventilating and Air-Conditioning (HVAC) parts. During the year, SACL productionized 140 new parts for various customers.

SACL on 28th January, 2015, declared an interim dividend of Rs.3.50 per share (35%) for the year 2014-15 absorbing a sum of Rs.485.10 lakhs including dividend distribution tax.

SACL on 23rd April, 2015 recommended a final dividend of Rs.2.50 per share (25%) for the year 2014-15, for approval of shareholders, absorbing a sum of Rs.346.49 lakhs including dividend distribution tax.

Hence, the total amount of dividend including the final dividend recommended, for the year ended 31st March, 2015 will aggregate to Rs.6 per share (60%) on 1,15,50,000 equity shares of Rs.10/- each absorbing a sum of Rs.831.59 lakhs including dividend distribution tax.

TVS Housing Limited (TVSH) & Emerald Haven Realty Limited (EHRL)

TVSH, a wholly owned subsidiary of TVSM, and EHRL an associate of TVSM, in terms of the arrangement entered into between them launched Phase I of development at its land at Nedungundram, Chennai and is successfully nearing completion. Similarly, Phase II of the development at Nedungundram (Project Green Hills - Villas) successfully launched during the year.

PT.TVS Motor Company Indonesia (PT TVS)

During the year, motorcycle industry in Indonesia declined by 3%. The decline was more pronounced in the last quarter of the financial year when the industry plunged by 17% due to weak consumer sentiments arising out of poor commodity prices and the credit squeeze on hire purchase. The scooter category grew by 6% triggered by new product launches to end the year with a share of 70%. The sports motorcycle category and bebek category declined by 10% and 25% respectively.

PT TVS, a wholly owned subsidiary of TVSM, introduced two variants of 125cc sports motorcycle designed for specific customer segment during the later part of the year. During 2014-15, PT TVS sold 23,300 vehicles as against 19,200 vehicles sold during 2013-14, thereby registering a growth of 21%. While the domestic sales remained flat, exports grew by 40%. PT TVS continued its focus on exports and exported more than 14,000 units to ASEAN, Middle East and African countries.

During 2014-15, the loss at EBITDA level was marginally lower at USD 8 Mn compared to loss of USD 9 Mn recorded during 2013-14. During 2015-16, PT TVS plans to launch a new 200cc sports motorcycle and a new variant of its 110cc Dazz scooter with fuel injection system.

During the year under review, TVSM has made an additional investment of USD 4 Mn in 4,00,000 ordinary shares of USD 10 each (Rs.24.92 Cr) in PT TVS, to meet its fund requirements.

TVS Motor Company (Europe) B.V & TVS Motor (Singapore) Pte. Ltd

TVSM had earlier incorporated both these entities as its wholly owned subsidiaries, with a view to serve as special purpose vehicles (SPVs) for making and protecting its investments made in the overseas operations of PT TVS.

Considering the change in the evaluation, TVSM has now initiated steps to voluntarily wind up TVSM Europe, subject to such regulatory approvals / consents as may be required, both under Indian / Foreign laws. The other overseas entity viz TVS Motor Singapore Pte. Ltd will continue to hold the investment in PT TVS.

During the year under review, TVSM has made an additional investment of Rs. 2.01 Cr in the ordinary shares of TVS Motor Singapore Pte. Ltd and the shares were allotted in April 2015.

Sundaram Business Development Consulting (Shanghai) Company Limited (SBDC)

SBDC, a wholly owned subsidiary of TVSM was initially established to explore options of sourcing, local assembly of two wheeler etc., in China for TVSM. After a complete review of the proposed activities through SBDC by TVSM, it was advised that local manufacturing operations may not be required in China. Hence, the board of TVSM has decided to retain the "Representative office" in China but to close down the operations of SBDC.

Associates of the Company

TVS Training and Services Limited (TVS TSL)

TVS TSL, an associate of the Company, is engaged in the business of establishing, managing and administering educational and vocational institutions. During the year, TVS TSL earned an income of Rs. 8.42 Cr and loss after adjustment of expenses was Rs. 0.27 Cr.

Sundram Non-Conventional Energy Systems Limited (SNES)

SNES, an associate of the Company, is engaged in the business of generation of power. During the year, it has earned Rs. 2.99 Cr and the profit after tax was Rs. 1.49 Cr.

Financial position of all subsidiaries and associate companies are provided as part of consolidated financial statements in Form AOC-1 in the manner required under Section 129 read with the Companies (Accounts) Rules, 2014, of the Act 2013.

8. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company are prepared in accordance with the provisions of Section 129 of the Act, 2013 read with the Companies (Accounts) Rules, 2014 and the Listing Agreement with the Stock Exchanges along with a separate statement containing the salient features of the financial performance of subsidiaries / associates.

The audited financial statements in respect of each of its subsidiary companies will be made available to the shareholders, on receipt of a request from any shareholder of the Company and it has also been

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placed on the website of the Company. This will also be available for inspection by the shareholders at the registered office during the business hours.

9. DIRECTORS & KEY MANAGERIAL PERSONNEL

Independent Directors (IDs)

During the year, M/s. Vice Admiral P J Jacob (Retd.), V Subramanian, S Santhanakrishnan, Suresh Kumar Sharma, R Vijayaraghavan and Kamlesh Gandhi, were appointed as IDs for the first term of five consecutive years from the conclusion of the fifty-second 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 within the overall limit approved by the shareholders vide their resolution passed 21st August 2014, at the annual general meeting as determined by the board from time to time in terms of Section 197 and 198 and any other applicable provisions of the Act 2013.

On appointment, each ID has acknowledged the terms of appointment as set out in their letter of appointment. The appointment letter covers, *inter alia*, the terms of appointment, duties, remuneration and expenses, rights of access to information, other directorships, dealing in Company's shares, disclosure of Director's interests, insurance and indemnity. The IDs are provided with copies of the Company's policies and charters of various committees of the board.

All IDs have declared that they met all the criteria of independence as provided under Section 149(6) of the Act 2013 and Clause 49 of the Listing Agreement. The detailed terms of appointment of IDs are disclosed on the Company's website with following link <http://www.sundaramclayton.com/Web%20files/Terms%20of%20IDs.pdf>.

Separate meeting of Independent Directors (IDs)

The IDs were fully kept informed of the Company's activities in all its spheres. During the year under review, a separate meeting of IDs was held on 20th March, 2015 and the IDs reviewed the performance of:

- i) non-IDs viz., M/s. Venu Srinivasan, chairman and managing director, Dr Lakshmi Venu and Sudarshan Venu, joint managing directors, K Mahesh, T K Balaji and Gopal Srinivasan, directors; and
- ii) the board as a whole.

They reviewed the performance of Chairman after taking into account the views of executive and non-executive directors.

They also assessed the quality, quantity and timeliness of flow of information between the Company's Management and the board that are necessary for the board to effectively and reasonably perform their duties. All the IDs were present at the meeting.

Woman director

In terms of Section 149 of the Act 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement, the Company is required to have a woman director on its board.

Dr Lakshmi Venu, joint managing director is already on the board of the Company from 22nd March, 2010 and hence, the Company fulfills the requirement of Section 149 of the Act 2013.

Non-executive and non-independent directors (NE-Non IDs)

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

Mr K Mahesh, director, and Mr Sudarshan Venu, Joint Managing Director who are liable to retire by rotation, at the AGM, and being eligible, offer themselves for re-appointment.

Executive directors

During the year, the board, at its meeting held on 11th September, 2014, based on the recommendation of the NRC, re-designated Dr Lakshmi Venu as joint managing director considering her increased role and responsibility in the management of the Company, subject to the approval of the shareholders at the AGM.

The other terms and conditions of her appointment and remuneration, as earlier approved by the board as well as by the shareholders of the Company on 30th September 2011 and 21st August 2014 would remain unchanged.

During the year, the board, at its meeting held on 11th September, 2014, on the recommendation of the NRC, appointed Mr Sudarshan Venu, as JMD since he was actively involved in all spheres of the management of the Company and handling wider responsibilities for exploring new business opportunities - both in India and abroad subject to the approval of the shareholders at the AGM. The terms and conditions of appointment and remuneration as approved by the board is subject to the approval of the shareholders at the AGM.

Both the NRC and the board observed that the proposed appointment of Mr Sudarshan Venu as JMD also satisfies the requirements of the provisions of sub-section (3) of Section 196 of the Act 2013 and also part I of Schedule V of the Act 2013, dealing with the eligibility for appointment of managing directors.

Mr Sudarshan Venu as JMD of both the subsidiary company, namely TVS Motor Company Limited (TVSM) and the Company, would be entitled to draw remuneration from one or both the companies, provided that the total remuneration drawn from both the companies does not exceed the higher maximum limit admissible from any one of the companies.

Brief resume of directors

The brief resume of the directors proposed to be appointed and reappointed 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 shareholders at the AGM.

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

Key Managerial Personnel (KMPs)

At the board meetings held on 8th May 2014 and 11th September 2014, Mr Venu Srinivasan, CMD, Dr Lakshmi Venu, JMD, Mr Sudarshan Venu JMD, Mr C N Prasad, President & Chief Executive Officer, Mr V N Venkatanathan, Chief Financial Officer and Mr R Raja Prakash, Company Secretary were designated as 'Key Managerial Personnel' of the Company in compliance with the requirement of Section 203 of the Act 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Nomination and Remuneration Policy

The Nomination and Remuneration Committee of Directors (NRC) reviews the composition of the board, to ensure that there is an appropriate mix of abilities, experience and diversity to serve the interests of all shareholders and the Company.

During the year, in accordance with the requirements under Section 178 of the Act 2013 and Clause 49 of Listing Agreement, the NRC formulated a Nomination and Remuneration Policy to govern the terms of nomination / appointment and remuneration of (i) Directors, (ii) Key Managerial Personnel (KMPs) and (iii) Senior Management Personnel (SMPs) of the Company. The same was approved by the board at its meeting held on 24th September 2014. The NRC also reviews succession planning of both SMPs and board. The Company's approach in recent years is to have a greater component of performance linked remuneration for SMPs.

The process of appointing a director / KMPs / SMPs is, that when a vacancy arises, or is expected, the NRC will identify, ascertain the integrity, qualification, appropriate expertise and experience, having regard to the skills that the candidate will bring to the board / company, and the balance of skills added to that of which the existing members hold.

The NRC will review the profile of persons and the most suitable person is either recommended for appointment by the board or is recommended to shareholders for their election. The NRC has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

The NRC will ensure that any person(s) who is / are appointed or continues in the employment of the Company as its executive chairman, managing director, whole-time director shall comply with the conditions as laid out under Part I of Schedule V to the Act 2013. The NRC will ensure that any appointment of a person as an independent director of the Company will be made in accordance with the provisions of Section 149 read with Schedule IV of the Act 2013 along with any other applicable provisions and Clause 49 of the Listing Agreement.

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

Evaluation of the board, committees and directors

In terms of Section 134 of the Act 2013 and the Corporate Governance requirements as prescribed under Clause 49 of the Listing Agreement, the board reviewed and evaluated its own performance from the perspectives of Company Performance, Strategy and Implementation, Risk Management, Corporate ethics, based on the evaluation criteria laid down by the NRC.

The board discussed and assessed its own composition, size, mix of skills and experience, its meeting sequence, effectiveness of discussion, decision making, follow up action, quality of information and the performance and reporting by the Committees viz., Audit Committee, Nomination and Remuneration Committee (NRC), Stakeholders Relationship Committee (SRC) and Corporate Social Responsibility Committee (CSR).

The board upon evaluation concluded that it is well balanced in terms of diversity of experience encompassing all the activities of the Company. The Company endeavours to have a diverse board representing a range of experience at policy-making levels in business and technology, and in areas that are relevant to the Company's global activities.

The performance of individual directors including all Independent directors assessed against a range of criteria such as contribution to the development of business strategy and performance of the Company, understanding the major risks affecting the Company, clear direction to the management and contribution to the board cohesion. The performance evaluation has been done by the entire board of directors, except the director concerned being evaluated. The board noted that all directors have understood the opportunities and risks to the Company's strategy and are supportive of the direction articulated by the management team towards consistent improvement.

The board also noted that corporate responsibility, ethics and compliance are taken seriously, and there is a good balance between the core values of the Company and the interests of stakeholders. The board satisfied with the Company's performance in all fronts viz., new product development, operations, sales and marketing, finance management, international business, employee relations and compliance with statutory / regulatory requirements and finally concluded that the board operates effectively and is closely aligned to the culture of the business.

The performance of each committee was evaluated by the board after seeking inputs from its members on the basis of the criteria such as matters assessed against terms of reference, time spent by the committees in considering matters, quality of information received, work of each committee, overall effectiveness and decision making and compliance with the corporate governance requirements and concluded that all the committees continued to function effectively, with full participation by all its members and the members of executive management of the Company.

The board reviewed each committee's terms of reference to ensure that the Company's existing practices remain appropriate. Recommendations from each committee are considered and approved by the board prior to implementation.

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Number of board meetings held

The number of board meetings held during the financial year 2014-15 is provided as part of Corporate Governance Report prepared in terms of Clause 49 of the Listing Agreement.

10. 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.

However, 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,

In view of these requirements, M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, who has been the statutory auditors of the Company for a period of more than 10 years, were appointed as statutory auditors of the Company for the transitional period of three consecutive years at the annual general meeting held on 21st August 2014, subject to the approval and ratification by the shareholders at each annual general meeting 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 the ratification of the re-appointment for second year from the conclusion of the ensuing AGM till the conclusion of the next annual general meeting as auditors of the Company.

The notes on financial statements referred to in the Auditors' Report are self explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remarks.

Cost Auditor

The board, subject to the approval of the Central Government, has re-appointed Mr A N Raman, Cost Accountant holding Certificate of practice No. 5359 allotted by The Institute of Cost Accountants of India, as a Cost Auditor for conducting Cost Audit for the financial year 2015-16, in terms of the Companies (Cost Records and Audit) Amendment Rules, 2014.

The Company has also received necessary certificate under Section 141 of the Act 2013 from him conveying his eligibility. A sum of Rs.3 lakhs has been fixed by the board, as remuneration in addition to

reimbursement of service tax, travelling and out-of-pocket expenses payable to him and is also required to be ratified by the members, at the ensuing AGM as per Section 148(3) of the Act 2013. The Company does not require to carry out Cost Audit for the year 2014-15 and thereby filing of Cost Audit Report does not arise.

As required under the Cost (Cost Accounting Records) Rules, 2011, the Company has filed the Cost Audit Report for the year 2013-14 in XBRL format along with Cost Compliance Report.

Secretarial Auditors

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 secretarial and related records of the Company.

Accordingly, Ms B Chandra, Practising Company Secretary, Chennai, was appointed as Secretarial Auditors for carrying out the secretarial audit for the financial year 2014-15. As required by Section 204 of the Act, 2013, the Secretarial Audit Report for the year 2014-15, given by Ms B Chandra, Practising Company Secretary, Chennai for auditing the secretarial and related records is attached to this report. The Secretarial Audit Report does not contain any qualification, reservation or other remarks.

11. CORPORATE GOVERNANCE

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

A separate section on Corporate Governance and a certificate from the statutory auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) form part of this Annual Report.

The Chief Executive Officer and the Chief Financial Officer of the Company have certified to the board on financial statements and other matters in accordance with the Clause 49 (IX) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31st March 2015.

12. POLICY ON VIGIL MECHANISM

The board at its meeting held on 24th September 2014, adopted a Policy on Vigil Mechanism in accordance with the provisions of the Act 2013 and as per the revised Clause 49 of the Listing Agreement, which provides a formal mechanism for all directors, employees and other stakeholders of the Company, to report to the management their genuine concerns or grievances about unethical behaviour, actual or suspected fraud and any violation of the Company's Code of Business Conduct or Ethics policy.

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The Policy also provides a direct access to the Chairperson of the Audit Committee to make protective disclosures to the management about grievances or violation of the Company's Code of Business Conduct and Ethics.

The Policy is disclosed on the Company's website with the following link <http://www.sundaramclayton.com/Web%20files/Investors/Whistle%20Blower%20Policy.pdf>.

13. PUBLIC DEPOSITS

The Company has not accepted any deposit from the public within the meaning of Chapter V of the Act 2013, for the year ended 31st March 2015.

14. DISCLOSURES

Information on conservation of energy, technology absorption, foreign exchange etc:

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure I to this report, in terms of the requirements of Section 134(3)(m) of the Act 2013 read with the Companies (Accounts) Rules 2014;

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure II to this report, in terms of the requirement of Section 134(3)(a) of Act 2013 read with the Companies (Accounts) Rules, 2014.

Employee's remuneration:

Details of employees receiving the remuneration in excess of the limits prescribed under Section 197 of the Act 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as a statement and given in Annexure III. In terms of first proviso to Section 136(1) of the Act 2013 the Annual Report, excluding the aforesaid annexure is being sent to the shareholders of the Company. The annexure is available for inspection at the Registered Office of the Company during business hours and any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

Comparative analysis of remuneration paid

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

Details of related party transactions

There were no material related party transactions under Section 188 of the Act 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.

Details of loans / guarantees / investments made

During the year under review, the Company had not granted any loans or guarantees covered under Section 186 of the Act 2013.

Please refer note No. IX to Notes on accounts for the financial year 2014-15, for details of investments made by the Company.

Other laws

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

15. ACKNOWLEDGEMENT

The directors gratefully acknowledge the continued support and co-operation received from the promoters of the Company, viz., TV Sundram Iyengar & Sons Private Limited, Southern Roadways Limited, Sundaram Industries Private 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
8th May 2015

VENU SRINIVASAN
Chairman

Annexure - I to Directors' Report to the shareholders

Information pursuant to Section 134(3)(1) of the Companies Act, 2013

A. CONSERVATION OF ENERGY

1. Measures taken – FY 2014-15

- (i) Converted existing individual power packs to common power packs; and
- (ii) Redesigned cleaning station in machine shop to reduce compressed air consumption.

The above measures have resulted in an annual saving of about Rs. 0.28 Cr.

2. Proposed measures – FY 2015-16

- (i) Replacement of the Metal halide, Mercury and Sodium Vapor and Tube lights with LED lights in Shop floor, Offices and solar panel based LED lights in the streets;
- (ii) Horizontal Deployment of Thyristor control in Gravity die-casting and Pressure die-casting holding furnaces;
- (iii) Providing automatic lid for Gravity die-casting furnaces;
- (iv) Introduction of regenerative circuit in Pressure die-casting machines;
- (v) Installation of roof top solar plant in all the plants; and
- (vi) Audit by external energy management consultant for waste elimination, reengineering and optimum utilization.

The above measures will result in an annual saving of about Rs. 0.40 Cr.

3. Steps taken for utilizing alternate sources of energy:

During the year 2014-15, the Company has utilized the power generated through wind energy to an extent of 1,63,79,000 kWh. The Company is planning to continue the utilization of wind energy for the year 2015-16 to an extent of 1,54,00,000 kWh.

Towards continual commitment of utilizing renewable energy, the Company has planned to commission 1.65 MW Roof-top solar plant in 2015-16, to generate 24.75 lakh kWh of energy per annum.

4. Capital investment in energy conservation equipment:

In the year 2014-15, the Company has invested Rs.0.22 Cr towards power factor improvement, replacement of conventional lights into LED / induction lighting / Solar tubes, as "Energy Efficient" measures.

The Company is planning to invest around Rs.0.25 Cr in energy saving equipment in 2015-16 viz., wind energy equipment, alternate heating source, solar power equipment and other energy efficient systems.

B. TECHNOLOGY ABSORPTION FOR 2014-15

Research & Development (R & D)

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

Completed activities:

- (i) Established heat treatment process for structural High Pressure Die-Casting (HPDC) parts;
- (ii) Established surface coating process for aluminum die cast parts to withstand stringent requirements for automotive exterior applications;
- (iii) Established characterization technique for evaluation of surface coatings for aluminum die cast parts;
- (iv) Developed high strength high ductile alloy for structural HPDC parts;
- (v) Developed conformal cooling in inserts for HPDC dies using additive manufacturing; and
- (vi) Developed 25 new aluminum die cast products for automotive applications.

Ongoing activities:

- (i) Differential cooling of PDC dies to stabilize the die temperature;
- (ii) Material yield improvement in die casting dies through gating and venting redesign;
- (iii) Value engineering of surface coating process for exterior applications;
- (iv) Participating in Product preceding technologies projects for strategic customers to improve product performance; and
- (v) Introduction of die temperature control for Gravity die-casting and low pressure die-casting dies.

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

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

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3. Future plan of action:

- (i) Development of innovative methods of liquid metal transfer technologies to reduce energy consumption;
- (ii) Development of new process technologies to improve the product quality and performance;
- (iii) Estimation of fatigue life for die casting dies using CAE tools; and
- (iv) Exploring alternate fuels for melting aluminum alloys.

Data relating to imported technology:

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

Expenditure on R&D - Rs.4.46 Cr

C. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO

1. Export activities

Export during the year ended 31st March 2015 amounted to Rs. 530.9 Cr as against Rs. 569.9 Cr for the year ended 31st March 2014.

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

(Rs. in Cr.)

- a) Foreign exchange used 606.59
- b) Foreign exchange earned 517.20

For and on behalf of the board

Chennai

VENU SRINIVASAN

8th May 2015

Chairman

Annexure - II to Directors' Report to the shareholders

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31st March 2015

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	L35999TN1962PLC004792
ii)	Registration Date	:	24.05.1962
iii)	Name of the Company	:	Sundaram-Clayton Limited
iv)	Category / Sub-Category of the Company	:	Public Company / Limited by shares
v)	Address of the Registered office and contact details	:	"Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006 Tel. : 044 - 2828 4959; 2827 2233 Fax : 044 - 2825 7121
vi)	Whether listed company Yes / No	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Share Transfer Department "Jayalakshmi Estates", 1 st Floor, No.29 (Old No.8), Haddows Road, Chennai - 600 006 Tel. : 044 - 2828 4959; 2827 2233 Fax : 044 - 2825 7121 E-mail: raman@scl.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

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

Sub Class (29301):- Manufacture of diverse parts and accessories for motor vehicles such as brakes, gearboxes, axles, road wheels, suspension shock absorbers, radiators, silencers, exhaust pipes, catalysers, clutches, steering wheels, steering columns and steering boxes etc.

Sundaram-Clayton Limited

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	T V Sundram Iyengar & Sons Private Limited & through its subsidiaries in Sl. No.2 and 3	U34101TN1929PTC002973	Holding Company	Holds 63.76% in the Company	2(46)
2	Sundaram Industries Private Limited	U65991TN1943PTC002656	Holding Company		
3	Southern Roadways Limited	U60221TN1946PLC002582			
4	TVS Motor Company Limited	L35921TN1992PLC022845	Subsidiary	57.40%	2(87)
5	Sundaram Auto Components Limited	U29249TN1992PLC051417	Subsidiary	100% held by SI No.4	2(87)
6	TVS Housing Limited	U70101TN2010PLC075027	Subsidiary	100% held by SI No.4	2(87)
7	PT. TVS Motor Company Indonesia	NA	Subsidiary	37.05% by SI No. 4 Company; 24.75% by TVSM Europe; and 38.20% by TVSM Singapore	2(87)
8	TVS Motor Company (Europe) B.V.	NA	Subsidiary	100% held by SI No.4	2(87)
9	TVS Motor (Singapore) Pte. Limited	NA	Subsidiary	100% held by SI No.4	2(87)
10	Sundaram Business Development Consulting (Shanghai) Company Limited	NA	Subsidiary	100% held by SI No.4	2(87)
11	Sundaram-Clayton (USA) Limited	NA	Subsidiary	100%	2(87)
12	Sundram Non-conventional Energy Systems Limited	U40108TN1994PLC029132	Associate	23.53%	2(6)
13	TVS Training and Services Limited	U74990TN2010PLC075028	Associate	30.50%	2(6)
14	Emerald Haven Realty Limited	U45200TN2010PLC075953	Associate	49% held by SI No.4	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 31 st March 2014)				No. of Shares held at the end of the year (as on 31 st March 2015)				Change in shareholding during the year
	Demat	Physical	Total	of total shares	Demat	Physical	Total	%of total shares	
A. Promoters									
Indian									
- Bodies Corp.	15174060	-	15174060	75.00	15174060	-	15174060	75.00	-
Total Shareholding of Promoter (A)	15174060	-	15174060	75.00	15174060	-	15174060	75.00	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	2112117	-	2112117	10.44	2463773	-	2463773	12.18	1.74
b) Banks / FI	8714	-	8714	0.04	302	-	302	0.00	(0.04)
c) Insurance Companies	551947	-	551947	2.73	551977	-	551977	2.73	-
d) FIs	5883	43	5926	0.03	24508	43	24551	0.12	0.09
Sub-total (B)(1)	2678661	43	2678704	13.24	3040560	43	3040603	15.03	1.79

Sundaram-Clayton Limited

Category of Shareholders	No. of Shares held at the beginning of the year (as on 31 st March 2014)				No. of Shares held at the end of the year (as on 31 st March 2015)				Change in shareholding during the year
	Demat	Physical	Total	of total shares	Demat	Physical	Total	%of total shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	279968	2624	282592	1.40	197292	2491	199783	0.99	(0.41)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1427807	268913	1696720	8.39	1295530	249302	1544832	7.64	(0.75)
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	368413	-	368413	1.82	238863	-	238863	1.18	(0.64)
c) Directors and relatives	6914	-	6914	0.02	6622	-	6622	0.02	-
d) Non- Residents Individuals	24508	174	24682	0.13	27189	133	27322	0.14	0.01
Sub-total (B)(2):	2107610	271711	2379321	11.76	1765496	251926	2017422	9.97	(1.79)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	4801237	256788	5057982	25.00	4806056	251969	505825	25.00	-
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	19975297	256788	20232085	100.00	19980116	251969	20232085	100.00	-

ii) Shareholding of Promoters

Name of the Director / KMP (M/s.)	Opening Balance (% of the total share capital)	Date of Dealing	Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
						No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
T V Sundram Iyengar & Sons Private Limited	38,07,330 (18.82%)	-	-	-	-	-	-	38,07,330	18.82
Sundaram Industries Private Limited	60,62,522 (29.96%)	-	-	-	-	-	-	60,62,522	29.96
Southern Roadways Limited	30,31,127 (14.98%)	-	-	-	-	-	-	30,31,127	14.98
Sundaram Finance Limited	22,73,081 (11.24%)	-	-	-	-	-	-	22,73,081	11.24

iii) Change in Promoters' Shareholding (please specify, if there is no change) - **N.A.**

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Opening Balance	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
RELIANCE CAPITAL TRUSTEE CO. LTD								
959,365	01-04-2014							
	04-04-2014	Purchase	32,987	0.16	992,352	4.90		
	11-04-2014	Purchase	23,013	0.11	1,015,365	5.02		
	25-04-2014	Purchase	2,583	0.01	1,017,948	5.03		
	25-04-2014	Sale	6,250	0.03	1,011,698	5.00		
	09-05-2014	Sale	3,994	0.02	1,007,704	4.98		
	09-05-2014	Purchase	3,835	0.02	1,011,539	5.00		
	16-05-2014	Sale	630	0.00	1,010,909	5.00		
	20-05-2014	Purchase	15,275	0.08	1,026,184	5.07		

Sundaram-Clayton Limited

Opening Balance	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	23-05-2014	Purchase	450	0.00	1,026,634	5.07		
	30-05-2014	Purchase	3,044	0.02	1,029,678	5.09		
	06-06-2014	Purchase	25,000	0.12	1,054,678	5.21		
	06-06-2014	Sale	24,200	0.12	1,030,478	5.09		
	13-06-2014	Sale	50,000	0.25	980,478	4.85		
	13-06-2014	Purchase	50,000	0.25	1,030,478	5.09		
	30-06-2014	Purchase	20,000	0.10	1,050,478	5.19		
	30-06-2014	Sale	20,000	0.10	1,030,478	5.09		
	19-12-2014	Purchase	705	0.00	1,031,183	5.10		
	31-12-2014	Purchase	2,300	0.01	1,033,483	5.11		
	02-01-2015	Sale	55,738	0.28	977,745	4.83		
	02-01-2015	Purchase	1,580	0.01	979,325	4.84		
	09-01-2015	Purchase	4,120	0.02	983,445	4.86		
	06-02-2015	Sale	2,456	0.01	980,989	4.85		
	13-02-2015	Purchase	3,250	0.02	984,239	4.86		
	20-02-2015	Sale	10,000	0.05	974,239	4.82		
	27-02-2015	Sale	6,600	0.03	967,639	4.78		
	27-02-2015	Purchase	8,508	0.04	976,147	4.82		
	06-03-2015	Purchase	2,000	0.01	978,147	4.83		
	13-03-2015	Sale	5,940	0.03	972,207	4.81		
	20-03-2015	Purchase	600	0.00	972,807	4.81		
	26-03-2015	Sale	7,300	0.04	965,507	4.77		
	31-03-2015						965,507	4.77
BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED								
5,37,760	01-04-2014							
	04-04-2014	Purchase	26,500	0.13	5,64,260	2.79		
	11-04-2014	Purchase	7,200	0.04	5,71,460	2.82		
	18-04-2014	Purchase	6,300	0.03	5,77,760	2.86		
	25-04-2014	Purchase	1,500	0.01	5,79,260	2.86		
	02-05-2014	Purchase	11,117	0.05	5,90,377	2.92		
	09-05-2014	Purchase	10,017	0.05	6,00,394	2.97		
	16-05-2014	Purchase	9,475	0.05	6,09,869	3.01		
	16-05-2014	Sale	7,650	0.04	6,02,219	2.98		
	20-05-2014	Purchase	677	0.00	6,02,896	2.98		
	23-05-2014	Purchase	2,000	0.01	6,04,896	2.99		
	30-05-2014	Purchase	3,175	0.02	6,08,071	3.01		
	06-06-2014	Purchase	4,000	0.02	6,12,071	3.03		
	13-06-2014	Purchase	5,357	0.03	6,17,428	3.05		
	20-06-2014	Purchase	8,607	0.04	6,26,035	3.09		
	30-06-2014	Purchase	9,500	0.05	6,35,535	3.14		
	04-07-2014	Purchase	12,250	0.06	6,47,785	3.20		
	11-07-2014	Purchase	995	0.00	6,48,780	3.21		
	18-07-2014	Purchase	1,195	0.01	6,49,975	3.21		
	01-08-2014	Purchase	1,423	0.01	6,51,398	3.22		
	08-08-2014	Purchase	2,025	0.01	6,53,423	3.23		
	14-08-2014	Purchase	3,755	0.02	6,57,178	3.25		

Sundaram-Clayton Limited

Opening Balance	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	21-08-2014	Purchase	5,800	0.03	6,62,978	3.28		
	21-08-2014	Sale	3,988	0.02	6,58,990	3.26		
	29-08-2014	Purchase	3,600	0.02	6,62,590	3.27		
	05-09-2014	Purchase	5,200	0.03	6,67,790	3.30		
	12-09-2014	Purchase	4,000	0.02	6,71,790	3.32		
	19-09-2014	Purchase	2,580	0.01	6,74,370	3.33		
	30-09-2014	Purchase	1,320	0.01	6,75,690	3.34		
	10-10-2014	Purchase	500	0.00	6,76,190	3.34		
	17-10-2014	Purchase	9,050	0.04	6,85,240	3.39		
	17-10-2014	Sale	4,050	0.02	6,81,190	3.37		
	24-10-2014	Purchase	1,400	0.01	6,82,590	3.37		
	31-10-2014	Purchase	3,450	0.02	6,86,040	3.39		
	07-11-2014	Purchase	1,420	0.01	6,87,460	3.40		
	14-11-2014	Purchase	360	0.00	6,87,820	3.40		
	21-11-2014	Purchase	1,556	0.01	6,89,376	3.41		
	28-11-2014	Purchase	2,160	0.01	6,91,536	3.42		
	05-12-2014	Purchase	1,170	0.01	6,92,706	3.42		
	12-12-2014	Purchase	1,650	0.01	6,94,356	3.43		
	19-12-2014	Purchase	2,385	0.01	6,96,741	3.44		
	31-12-2014	Purchase	4,400	0.02	7,01,141	3.47		
	02-01-2015	Purchase	3,000	0.01	7,04,141	3.48		
	09-01-2015	Purchase	400	0.00	7,04,541	3.48		
	16-01-2015	Purchase	354	0.00	7,04,895	3.48		
	23-01-2015	Purchase	1,073	0.01	7,05,968	3.49		
	30-01-2015	Purchase	1,935	0.01	7,07,903	3.50		
	06-02-2015	Purchase	741	0.00	7,08,644	3.50		
	10-02-2015	Purchase	1,250	0.01	7,09,894	3.51		
	13-02-2015	Purchase	989	0.00	7,10,883	3.51		
	13-02-2015	Sale	489	0.00	7,10,394	3.51		
	20-02-2015	Purchase	400	0.00	7,10,794	3.51		
	27-02-2015	Purchase	2,250	0.01	7,13,044	3.52		
	06-03-2015	Purchase	2,150	0.01	7,15,194	3.53		
	13-03-2015	Purchase	674	0.00	7,15,868	3.54		
	20-03-2015	Purchase	1,300	0.01	7,17,168	3.54		
	26-03-2015	Purchase	750	0.00	7,17,918	3.55		
	31-03-2015	Purchase	850	0.00	7,18,768	3.55		
	31-03-2015						6,87,463	3.40
ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD								
551,847	01-04-2014							
	31-03-2015						551,847	2.73
SUNDARAM MUTUAL FUND								
350,000	01-04-2014							
	11-04-2014	Sale	745	0.00	349,255	1.73		
	18-04-2014	Sale	9,225	0.05	340,030	1.68		
	25-04-2014	Sale	4,547	0.02	335,483	1.66		
	02-05-2014	Sale	937	0.00	334,546	1.65		
	16-05-2014	Sale	907	0.00	333,639	1.65		
	30-05-2014	Sale	321	0.00	333,318	1.65		
	11-07-2014	Purchase	37,426	0.18	370,744	1.83		
	25-07-2014	Purchase	10,112	0.05	380,856	1.88		
	09-01-2015	Purchase	52,000	0.26	432,856	2.14		
	31-03-2015						432,856	2.14

Sundaram-Clayton Limited

Opening Balance	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
SBI MAGNUM BALANCED FUND								
264,992	01-04-2014							
	25-07-2014	Sale	875	0.00	264,117	1.31		
	08-08-2014	Sale	157	0.00	263,960	1.30		
	30-09-2014	Sale	10,000	0.05	253,960	1.26		
	31-03-2015						253,960	1.26
MANSAN INVESTMENTS PRIVATE LIMITED								
95,596	01-04-2014							
	31-03-2015						95,596	0.47
NAROTAM S. SEKHSARIA								
78,000	01-04-2014							
	31-03-2015						78,000	0.39
NEEPA K SHAH & KAMLESH N SHAH								
	01-04-2014							
	13-06-2014	Purchase	44,572	0.22	44,572	0.22		
	31-03-2015						44,572	0.39
CHINMAY G PARIKH								
51,766	01-04-2014							
	04-04-2014	Purchase	5,000	0.02	56,766	0.28		
	31-03-2015						56,766	0.28
VIJAYA SRINIVASAN								
43,510	01-04-2014							
	31-03-2015						43,510	0.22

v) Shareholding of Directors and Key Managerial Personnel:

Name of the Director / KMP (M/s.)	Opening Balance (% of the total share capital)	Date of Dealing	Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative	Closing Balance	Name of the Director / KMP (M/s.)	Opening Balance (% of the to total share Capital)
Venu Srinivasan	Nil	-	-	-	-	-	-	Nil	-
Dr Lakshmi Venu	Nil	-	-	-	-	-	-	Nil	-
Sudarshan Venu	Nil	-	-	-	-	-	-	Nil	-
K Mahesh	123	-	-	-	-	-	-	123	-
Gopal Srinivasan	66	-	-	-	-	-	-	66	-
T K Balaji	Nil	-	-	-	-	-	-	Nil	-
Vice Admiral P J Jacob (Retd.)	Nil	-	-	-	-	-	-	Nil	-
V Subramanian	Nil	-	-	-	-	-	-	Nil	-
S Santhanakrishnan	Nil	-	-	-	-	-	-	Nil	-
Suresh Kumar Sharma	Nil	-	-	-	-	-	-	Nil	-
R Vijayaraghavan	Nil	-	-	-	-	-	-	Nil	-
Kamlesh Gandhi	Nil	-	-	-	-	-	-	Nil	-
C N Prasad	Nil	-	-	-	-	-	-	Nil	-
V N Venkatanathan	Nil	-	-	-	-	-	-	Nil	-
R Raja Prakash	Nil	-	-	-	-	-	-	Nil	-

Sundaram-Clayton Limited

V. INDEBTEDNESS

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

(Rs. in Cr)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	280.91	81.26	362.17
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	2.40	1.83	4.23
Total	283.31	83.09	366.40
Change in Indebtedness during the financial year			
- Addition	14.93	0.70	15.63
- Reduction	-	-	-
Net Change	14.93	0.70	15.63
Indebtedness at the end of the financial year			
i) Principal Amount	295.37	82.87	378.24
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	2.87	0.92	3.79
Total (i + ii + iii)	298.24	83.79	382.03

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount
		Mr. Venu Srinivsan CMD	Dr. Lakshmi Venu JMD	Mr. Sudarshan Venu JMD	
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	28.92	172.73	25.67	227.32
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5.32	0.40	0.22	5.94
	(c) Profits in lieu of salary under Section 17(3) Income tax Act, 1961	4.53	4.32	-	8.85
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	172.19	-	172.19
	- others, specify	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total (A)	38.77	349.64	25.89	414.30
	Overall ceiling as per the Act				860.90

Sundaram-Clayton Limited

B. Remuneration to other directors:

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		PJJ	VSN	SSK	SKS	RV	KG	
	Independent Directors							
	Fee for attending board / committee meetings	1.20	0.98	1.20	0.22	0.90	0.60	5.10
	Commission	10.00	10.00	10.00	7.50	7.50	7.50	52.50
	Others, please specify	-	-	-	-	-	-	-
	Total (1)	11.20	10.98	11.20	7.72	8.40	8.10	57.60
	Other Non-Executive Directors							
	Fee for attending board / committee meetings	0.07	0.15	0.53	0.15			0.90
	Commission	7.50	-	-	-			7.50
	Others, please specify	-	-	-	-			-
	Total (2)	7.57	0.15	0.53	0.15			8.40
	Total (B) = (1) + (2)							66.00
	Total Managerial Remuneration (A) + (B)							480.30
	Overall Ceiling as per the Act							946.99

PJJ - Vice Admiral P J Jacob (Retd.); VSN - Mr V Subramanian; SSK - Mr S Santhakrishnan; SKS - Mr Suresh Kumar Sharma; RV - Mr R Vijayaraghavan; KG - Mr Kamlesh Gandhi; KM- Mr K Mahesh; GS - Mr Gopal Srinivasan; TKB - Mr T K Balaji.

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

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	CFO	CS	
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	217.67	193.71	29.13	440.51
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5.18	3.67	0.71	9.56
	(c) Profits in lieu of salary under Section 17(3) Income tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total (A)	222.85	197.38	29.84	450.07

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act 2013 against the Company or its directors or other officers in default during the year.

For and on behalf of the board

Chennai
8th May 2015

VENU SRINIVASAN
Chairman

Sundaram-Clayton Limited

Annexure - IV to Directors' Report to the shareholders

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

1. A brief outline of the Company's CSR Policy:

This Policy encompasses the Company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programs for the transformation and sustainable development of the rural communities at large.

2. Overview of projects or programs proposed to be undertaken:

Focus areas relate to economic development, quality education, empowerment of women, health care, conservation of environment and the creation, maintenance of infrastructure, art, culture and protection of places of public and historical importance.

3. Web-link to the CSR policy and projects or programs -

<http://www.sundaramclayton.com/Web%20files/Investors/CSR%20Policy%20SCL.pdf>

4. Composition of the CSR Committee.

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

5. Average net profit of the Company for last three financial years

Rs. 18.02 Cr

6. Prescribed CSR Expenditure (2% of the amount as in item 5 above)

Rs. 0.36 Cr

7. Details of CSR spent during the financial year

(a) Total amount to be spent for the financial year

Rs. 0.36 Cr

(b) Amount unspent, if any

Not Applicable

(c) Manner in which the amount spent during the financial year is detailed below.

S. No.	Name of the Implementing Agency	Sri Sathya Sai Loka Seva Service Trust Sathya Sai Gama P.O., Muddenahalli - 562 101 Chickballapur District Phone No. 08156-293666 Mail ID : sslst.muddenahalli@gmail.com	Sri Sathya Sai Central Trust Prasanthi Nilayam - 515 134, Anantapur District, Andhra Pradesh, Telefax: +91-8555- 287390 Email: finance@ssscot.org
1	CSR Project or activity identified - Reference to Item No. to Schedule VII	(i) Promoting Education	Promoting free Education is one of the Trust

2	Sector in which the Project is covered	Nurturing Children with value-based education and free education to all students.	Providing free education from Primary to Post Graduate level to all students across India irrespective of cast, creed and religion.
3	Areas in which Projects / Programmes undertaken:	Muddenahalli	Sri Sathya Sai Schools in Prasanthi Nilayam, Puttaparthi, Sri Sathya Sai Gurukulam at Rajahmundry and Sri Sathya Sai Institute of Higher Learning [Deemed University], Prasanthi Nilayam, Puttaparthi
4	Local Area / Others:	Chickballapur	Prasanthi Nilayam, Puttaparthi
	State & district :	Karnataka, Chickballapur	Andhra Pradesh, Anantapur District
	Amount outlay (budget) project or program-wise:	Project Name: Sri Sathya Sai Annapurna Kitchen Block in the Muddenahalli Campus Budget: Rs. 400 Lakhs	Budget: Rs. 1878 Lakhs
5	Amount spent on the projects or programmes:		
6	Sub-heads:		
	Direct expenses On projects / programs:	Rs.331.17 Lakhs (including contribution of Sundaram-Clayton Limited- of Rs.10 Lakhs)	Rs. 1743 Lakhs (including contribution of Sundaram-Clayton Limited- of Rs.15 Lakhs)
	Overheads:		
7	Cumulative expenditure upto the reporting period:	Rs.331.17 Lakhs (including contribution of Sundaram-Clayton Limited- of Rs.10 Lakhs)	Rs. 1743 Lakhs (including contribution of Sundaram-Clayton Limited- of Rs.15 Lakhs)

The Company also contributed a sum of Rs. 11 lakhs towards Andhra Pradesh Chief Minister's Relief Fund.

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

- Not applicable

9. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

"To discharge the duties cast under provisions of the Act 2013, members of the CSR Committee visit places where the implementing agencies are doing service."

For and on behalf of the board

VENU SRINIVASAN

Chairman and Managing Director and
Chairman of CSR Committee

Chennai
8th May 2015

Sundaram-Clayton Limited

Annexure - V to Directors' Report to the shareholders

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

Disclosures

Sl. No.	Name of the Director (M/s.)	Designation	Ratio to Median Remuneration	% increase in remuneration
1	Venu Srinivasan	CMD	1:13	Nil
	Dr Lakshmi Venu	JMD	1:117	33
	Sudarshan Venu	JMD	1:15	NA
	K Mahesh	NENI	NA	NA
	Gopal Srinivasan		NA	NA
	T K Balaji		NA	NA
	Vice Admiral P J Jacob (Retd.)	NEID	1:4	33
	V Subramanian		1:4	33
	S Santhanakrishnan		1:4	33
	Suresh Kumar Sharma		1:3	50
	R Vijayaraghavan		1:3	50
	Kamlesh Gandhi		1:3	50
	C N Prasad	Gr Pres & CEO	NA	18
	V N Venkatanathan	CFO	NA	41
	R Raja Prakash	CS	NA	24
2	The percentage increase in the median remuneration of employees in the financial year;		5%	
3	The number of permanent employees on the rolls of company;		2284	
4	The explanation on the relationship between average increase in remuneration and company performance;	Company Performance - EBITDA increase	24%	
		Average increase in remuneration	20%	
5	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company;	Designation	% increase in Remuneration	Company Performance (EBITDA)
	Venu Srinivasan	CMD	Nil	24%
	Dr Lakshmi Venu	JMD	33	
	Sudarshan Venu	JMD	NA	
	C N Prasad	Gr Pres & CEO	18	
	V N Venkatanathan	CFO	41	
	R Raja Prakash	CS	24	
	Total		31	

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6	Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year; and	Details as on 31 st March		2013-14	2014-15	Increase
		No. of Shares		20232085	20232085	-
		Share Price (In Rs.)	BSE	564.60	1837.75	225 %
			NSE	571.25	1857.85	225 %
		EPS		27	35.19	30 %
		PE Ratio (based on audited results) - No. of times		21	53	1.50
		Company's Market Cap (BSE Price)		1142 Cr	3718 Cr	225%
Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies;	Details	Stock Exchange	Share price at the Last Public Offer (in Rs.)	Share price as at 31 st March 2015 (in Rs.)	Increase	
	Issue of shares on preferential basis to QIBs in order to comply with minimum public shareholding	BSE	293	1837.75	527 %	
		NSE		1857.85	534 %	
7	(a) Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2014-15				10%	
	(b) Average percentile increase in the managerial remuneration in the financial year 2014-15				33%	
	There are no exceptional circumstances for increase in the managerial remuneration.					
8	The key parameters for any variable component of remuneration availed by the directors;		Every year, the board fixes the Commission payable to JMD and Independent Directors within the statutory limit and approved by the members.			
9	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and		NOT APPLICABLE			
10	Affirmation that the remuneration is as per the remuneration policy of the Company.		Remuneration paid during the year 2014-15 is as per the Remuneration Policy of the Company			

CMD : Chairman & Managing Director; JMD : Joint Managing Director; NE-ID : Non Executive - Independent director; NE-NI : Non Executive - Non-Independent director; Gr Pres & CEO : Group President and Chief Executive Officer; CFO : Chief Financial Officer; CS : Company Secretary

For and on behalf of the board

Chennai
8th May 2015

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 viz., Trust, Value and Service of the group.

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 of directors (the board) and for senior management personnel.

2. 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 31st March 2015, the total strength of the board is twelve. Since the Company has an executive chairman viz., Mr Venu Srinivasan who is the Chairman and Managing Director, the board is required, in terms of Clause 49 of the Listing Agreement, to have fifty per cent of its directors as independent directors and at least one woman director.

Accordingly, the board has six non-executive independent directors (NE-ID) viz., M/s. Vice Admiral P J Jacob, Suresh Kumar Sharma, S Santhanakrishnan, V Subramanian, R Vijayaraghavan and Kamlesh Gandhi and three non-executive non-independent directors (NE-NI), namely, Mr K Mahesh, Mr T K Balaji and Mr Gopal Srinivasan. Dr Lakshmi Venu and Mr Sudarshan Venu, Joint Managing Directors are the executive and non-independent directors. Thus, the composition of the Company's board is in conformity with Clause 49 of the Listing Agreement.

All the existing NE-IDs have been appointed by the shareholders at the last annual general meeting held on 21st August 2014 for a term of five years and none of them serves as NE-IDs in more than seven listed companies.

2.2 Board meetings:

The Company, in consultation with the directors, prepares and circulates a tentative annual calendar for meetings of the committees / board, in order to assist the directors for planning their schedules well in advance to participate in the meetings without fail.

The Companies Act, 2013 (the Act 2013) read with the relevant rules made thereunder, now facilitates the participation of a director in the committee / board meetings through video conferencing or by other audio visual means. Accordingly, the option to participate in the meetings through video conferencing was made available to the directors, except in respect of restricted items which are not permitted to be transacted through video conferencing.

The Company regularly places, before the board for its review, all the information as required under Annexure X 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 of all 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, marketing strategy, IT strategy, HR initiatives in committee / board meetings.

During the year 2014-2015, the board met seven times on 14th May 2014, 13th August 2014, 11th September 2014, 24th September 2014, 7th November 2014, 4th February 2015 and 20th March 2015 and the gap between two meetings did not exceed one hundred and twenty days. Besides, the NE-IDs held a separate meeting among themselves for the purpose required as per the applicable provisions of the Act 2013 and Clause 49 of the Listing Agreement.

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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 21st August 2014 and also the number of other directorships and committee memberships / chairmanships as on 31st March 2015 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	7	Yes	12	3	–
Gopal Srinivasan	NE-NI	2	No	19	1	–
K Mahesh	NE-NI	1	No	5	–	–
T K Balaji	NE-NI	3	Yes	14	2	1
Dr Lakshmi Venu	JMD	6	Yes	5	1	–
Sudarshan Venu	JMD	5	Yes	1	–	–
Vice Admiral P J Jacob (Retd.)	NE-I	7	Yes	1	3	2
V Subramanian	NE-I	6	Yes	9	4	1
Suresh Kumar Sharma	NE-I	3	No	–	–	–
S Santhanakrishnan	NE-I	7	Yes	6	5	–
R Vijayaraghavan	NE-I	6	Yes	8	6	3
Kamlesh Gandhi	NE-I	7	Yes	4	3	1

* includes private companies and bodies corporate.

** includes committees where the director is also chairman.

CMD : Chairman & Managing Director

JMD : Joint Managing Director

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. Chairmanships / memberships of committees include only audit and stakeholders relationship committees, 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 the 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 audit committee / board. The board also reviews the declarations made by the chief executive officer and the company secretary regarding compliance of all applicable laws on quarterly basis.

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

2.5 Familiarization program

A familiarization program is made available to directors covering such topics as the board's role, the board composition and conduct, and the risks and responsibilities of the Company directors, to ensure that they are fully informed on current governance issues. The program also includes briefings on the

culture, values and business model of the Company, the roles and responsibilities of senior executives and the Company's financial, strategic, operational and risk management position. The same is available on the Company's website with the following link: <http://www.sundaram-clayton.com/Web%20files/Investors/SCL%20-%20ID%20Familiarisation%20Prog.pdf>.

2.6 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 board, at its meeting held on 24th September 2014, amended the Code to include the duties of directors, particularly Independent Directors of the Company as required under Clause 49 of the Listing Agreement.

The Code has been communicated to directors and the senior management personnel. The Code has also been displayed on the Company's website in the following link <http://www.sundaram-clayton.com/Web%20files/Investors/Code%20of%20Business%20Conduct%20and%20Ethics.pdf>.

All the members of the board and senior management personnel have confirmed compliance with the Code for the year ended 31st March 2015. The annual report contains a declaration to this effect signed by the chief executive officer and the company secretary as compliance officer for the Code.

2.7 Appointment / Re-appointment of directors:

In terms of Clause 49(VIII)(E) 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 of AGM.

2.8 Committees of the board:

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

3. Audit Committee

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

The board, at its meeting held on 8th May 2014, conferred certain additional terms of reference in writing as required under Section 177 of the Act 2013 and in terms of revised Clause 49 of the Listing Agreement.

3.1 Brief description of terms of reference:

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

- a. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b. Recommending the appointment, remuneration and terms of appointment of auditors of the Company and approving the payment to statutory auditors for any other services rendered by the statutory auditors;
- c. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act 2013;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by management;

- Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions; and
 - Qualifications, if any, in the draft audit report,
- d. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 - e. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 - f. Approving or subsequently modifying any transactions of the Company with related parties;
 - g. Scrutinizing the inter-corporate loans and investments;
 - h. Reviewing valuation of undertakings or assets of the Company, wherever it is necessary;
 - i. Evaluation of internal financial controls and risk management systems;
 - j. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems;
 - k. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 - l. Discussion with internal auditors of any significant findings and follow up there on;
 - m. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 - n. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 - o. To review the functioning of the Whistle Blower mechanism;
 - p. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience; and
 - q. In addition, reviewing of such other functions as envisaged under Section 177 of the Act 2013 and Clause 49 of the Listing Agreement.

The matters 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. All the recommendations made by the Audit Committee during the year under review, were accepted by the board.

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3.2 Composition, name of members and the Chairman:

As at 31st March 2015, 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 21st August 2014.

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 Audit Committee, during the year under review, are given in the table below:

Date of the meeting	Members present (M/s.)
14.05.2014	Vice Admiral P J Jacob (Retd), V Subramanian and S Santhanakrishnan
13.08.2014	Vice Admiral P J Jacob (Retd) and S Santhanakrishnan
07.11.2014	T K Balaji, Vice Admiral P J Jacob (Retd), V Subramanian and S Santhanakrishnan
04.02.2015	Vice Admiral P J Jacob (Retd), V Subramanian and S Santhanakrishnan

4. Subsidiary Companies

The Company's Indian unlisted subsidiaries do not fall under the definition of "material non-listed Indian subsidiaries".

Material Subsidiaries Policy:

The board, at its meeting held on 24th September 2014 has formulated a policy for determining 'material' subsidiaries. A subsidiary is to be considered as "a material subsidiary", if the investment in the subsidiary by the Company exceeds 20% of its "consolidated network" or if it has generated 20% of its "consolidated income" of the Company during the previous financial year. Hence, based on this criteria, the Company does not have any material subsidiary, as of date.

Copy of the said Policy is available in the Company's website in the following link//www.sundaramclayton.com/Web%20files/Investors/Material%20Subsidiary%20Policy.pdf.

5. Disclosures

5.1 Related party transactions:

All transactions entered into with Related Parties, as defined under the Act 2013 and Clause 49 of the Listing Agreement during the financial year 2014-2015 were in the ordinary course of business and at an arm's length pricing basis.

There were no materially significant transactions with the Related Parties, during the year, which were in conflict with the interests of the Company and that require an approval of the Company in terms of the provision of Section 188 of the Act 2013 and the Rules made thereunder and also of revised Clause 49 of the Listing Agreement.

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

Related Party Transactions Policy:

The board at its meeting held on 24th September 2014 has formulated a policy on related party transactions. The Audit Committee reviews and approves transactions (RPTs) between the Company and related parties, as defined under the Listing Agreement, to ensure that the terms of such RPTs would reasonably be expected of transactions negotiated on an arm's length. The Audit Committee meets prior to each scheduled board meeting to review all RPTs of the Company on a quarterly basis.

Copy of the said policy is available on the Company's website with the following link: <http://www.sundaramclayton.com/Web%20files/Investors/Related%20Party%20Transaction%20Policy.pdf>

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 29th December, 2011 amending the existing AS11 relating to 'The effects of changes in foreign exchange rates' and the same extended upto 31st 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 Foreign Currency Borrowing other than relating to acquisition of capital assets are added to or deducted from Foreign Currency Monetary Item Translation Difference Account.

Depreciation on tangible fixed assets is charged over the estimated useful life as evaluated by a Chartered Engineer, on straight line method, in accordance with Part A of Schedule II to the Act 2013. In respect of tangible fixed assets lying as on 1.4.2014, depreciation is charged over the remaining useful life as evaluated by the Chartered Engineer. Where the useful life as on 1.4.2014 is nil, the net residual value has been adjusted against the opening reserves.

5.3 Risk Management:

The Company has laid down procedures to inform the 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-compliances, 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 year.

However, as reported in the last year, the following statement is given for the second year.

During the last year, a show cause notice received by the Company from Securities and Exchange Board of India (SEBI) vide its interim order dated 4th June 2013 and subsequently revoked on 4th September 2013 as detailed below:

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

Any listed Company, which had public shareholding below 25 percent on the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010 ("SCRA"), was 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 3rd June 2013.

The Company, being a Listed Company, was 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 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 8th February 2013 and the shareholders had also approved the same on 20th 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 11th 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 per cent, as mandated by SEBI.

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

As the 'public shareholding' was not achieved by the Company on or before 3rd June 2013, SEBI has issued certain directions vide its Order dated 4th June 2013 to all non-compliant companies, which were briefly as follows:

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 12th July 2013, SEBI, subsequently, vide its order dated 4th 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

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Clause 49(IX) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31st March 2015.

5.7 Compliance with mandatory / non-mandatory requirements:

The Company has complied with all applicable mandatory requirements in terms of Clause 49 of the Listing Agreement. The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed elsewhere in this report.

5.8 Code of Conduct for Prevention of Insider Trading:

In compliance with the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations 1992, as amended (PIT Regulations, 1992), 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 advising the 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.

The Company has also formulated a Code of Practices and Procedures for fair disclosure of 'Unpublished Price Sensitive Information' (UPS) and a Code of Conduct to regulate, monitor and report trading by insiders in accordance with the requirements of the new SEBI (Prohibition of Insider Trading) Regulations 2015, to be effective from 15th May, 2015 and the PIT Regulations, 1992 shall stand repealed from that date. Under the new Regulations, the requirements of initial disclosure are applicable to promoters, Key Managerial Personnel and directors of the Company and requirements of continual disclosures are applicable to promoter, employee and director of the Company.

5.9 Management discussion and analysis report:

All the above report / policies forms part of the directors' report.

6. Nomination and Remuneration Committee

During the year, the board constituted a Nomination and Remuneration Committee of directors (NRC) in terms of Section 178 of the Act 2013 and Clause 49 of the Listing Agreement.

6.1 Composition of the Committee:

As at 31st March 2015, 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) R Vijayaraghavan V Subramanian	Non-Executive and Independent director

Vice Admiral P J Jacob (Retd.), is the Chairman of the NRC.

Mr R Raja Prakash, Company Secretary acts as the secretary of the Committee.

Chairman of the Committee was present at the last annual general meeting held on 21st August 2014.

6.2 The broad terms of reference of the NRC are as under:

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

6.3 The role / scope of the NRC is as follows:

- To make recommendations to the board with respect to incentive compensation plans for executive director(s) and remuneration of non-executive director(s).
- To identify persons who are qualified to become director(s), KMPs and SMPs of the Company.
- To recommend to the board for appointment /removal of director(s), KMPs and SMPs of the Company.
- To formulate criteria for determining qualification, positive attributes and independence of a director.
- To recommend to the board a policy for remuneration of director(s), KMPs and SMPs of the Company.

6.4 Evaluation Criteria

The NRC has laid down the evaluation criteria for evaluating the performance of every director, committees of the board and the board as a whole and also the performance of KMPs and SMPs.

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

The performance evaluation of individual director was carried out based on his / her commitment to the role and fiduciary responsibilities as a board member, attendance and active participation, strategic and lateral thinking, contribution and

recommendations given professionally, heading / acting as member of various sub-committees etc.

The performance of SMPs was measured against their achievement of the business plans approved by the board during and at the completion of the financial year and their annual 'at-risk' remuneration which reflects their business plan achievements. An evaluation of performance has been undertaken based on the criteria for all the SMPs for 2014-2015 and this has been in accordance with the above process. The NRC has the overall responsibility for evaluating and approving the compensation plans, policies and programmes applicable to the SMPs. The NRC also delegated its authority to the CMD, wherever appropriate, for this purpose.

6.5 Remuneration Policy

The NRC formulates policies to ensure that-

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

Executive director(s):

The NRC will determine the remuneration payable to the executive director(s) and recommend to the board for its approval. The board's approval shall be subject to the prior approval or post approval ratification of the shareholders of the Company and / or Central Government, if required under applicable law. The remuneration payable to the executive chairman, managing director and whole-time director of the Company shall be in accordance with the applicable percentage(s) / slab(s) / condition(s) as set out in (i) the articles of association of the Company and (ii) the Act 2013 and any rules made thereunder, which may be in force, from time to time.

Where the Company is required to avail any insurance on behalf of its executive director(s) for indemnifying them against any liability(ies), the same shall be availed by the board and premium payable on such insurance shall not be treated as part of the remuneration payable by the Company to any such personnel. However, in the event that such executive director is proved guilty resulting in an insurance claim against the Company, any premium paid on such insurance shall be treated as part of the remuneration of the executive director(s), responsible for such claim.

Non- Executive / Independent Director(s):

The non - executive / independent director(s) will receive remuneration by way of fees for attending meetings of board or any committee in which director(s) is member, provided that, the amount of such sitting fees shall not exceed (i) INR 1,00,000 (Indian Rupees One lakh) per meeting of the board or any

committee in which the Director(s) is member or (ii) such other amount as may be prescribed by the Central Government from time to time.

Remuneration to KMPs and SMPs:

The NRC will recommend to the board and the board will approve the remuneration payable to (i) KMPs, who is / are not an executive director(s), and (ii) SMPs of the Company. The break-up of the remuneration payable to KMPs and SMPs including the perquisites such as employer's contribution to provident fund, pension scheme, medical expenses, club fees and like will also be approved by the board on the recommendations received from the NRC.

Profit Related Commission:

Executive Director(s):

In addition to fixed remuneration, the executive director(s) shall be entitled to receive commission linked to the profits of the Company for each financial year subject to the limits prescribed under the provisions of the Act 2013.

Non - Executive / Independent Director(s):

In addition to the sitting fees, the non - executive / independent director(s) shall be entitled to commission from the Company subject to the monetary limit approved by shareholders of the Company and aggregate commission amount would not exceed the limit of 1% (one percent) of the profits of the Company computed in accordance with applicable provisions of the Act 2013 and approval by the shareholders of the Company.

KMPs and SMPs:

In addition to fixed remuneration, to motivate other KMPs viz., who is / are not an executive director(s) and SMPs of the Company to pursue a long term growth and success for and of the Company, the NRC will recommend to the board the amounts that may be distributed amongst other KMP and SMP of the Company as performance based remuneration, on such interval as the NRC may think fit.

Equity based remuneration:

Subject to the provisions of the Act 2013, all director(s), KMPs and SMPs of the Company shall be entitled to avail any stock options including stock appreciation rights or such other benefits if issued by the Company, except for:

- (i) an employee, who is promoter(s) or relative(s) of the promoter(s);
- (ii) any director(s) holding more than 10% (ten percent) equity shares of the Company, either directly or indirectly.

The equity based remuneration to executive chairman, managing directors and whole-time director(s) of the Company shall be subject to limits prescribed under the Act 2013 or any rules framed thereunder and any other applicable law including securities laws in India.

An independent director shall not be entitled to take part in any stock option plan issued by the board for the employees of the Company.

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6.6 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.)
14.05.2014	R Vijayaraghavan, Vice Admiral P J Jacob and V Subramanian
11.09.2014	R Vijayaraghavan, Vice Admiral P J Jacob and V Subramanian
04.02.2015	Vice Admiral P J Jacob and V Subramanian

6.7 Remuneration to directors:

Executive directors:

The remuneration payable to the chairman and managing director (CMD) and Joint Managing Directors (JMDs) is fixed by the board within the limits approved by the shareholders in terms of the relevant provisions of the Act 2013.

Particulars of remuneration paid to executive directors during the financial year 2014-2015:

(Rs. in lakhs)

Name of the Directors	Salary	Commis- sion	Perqui- sites	Contribution to PF & Other Funds	Total
Mr Venu Srinivasan	19.50	–	16.21	3.06	38.77
Dr Lakshmi Venu	90.00	172.19	72.15	15.30	349.64
Mr Sudarshan Venu	13.33	–	10.30	2.27	25.90

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

The above remuneration to Mr Venu Srinivasan, CMD and Mr Sudarshan Venu, JMD are notwithstanding their holding positions of CMD and JMD, respectively, in the subsidiary Company, viz., TVS Motor Company Limited (TVSM) and drawing remuneration, as approved by its shareholders, from time to time, provided that the total remuneration drawn by them as CMD and JMD from the Company and as CMD and JMD from TVSM does not exceed the higher maximum limit admissible, from any one of these companies.

The directors are paid commission within the permission limits approved by the members, recommended by the NRC, and determined by the board every year depending upon the performance of the Company.

The terms of their appointment and remuneration were elaborately dealt with in the Boards' report.

Non-executive directors:

Sitting fees

Rs. 7,500/- each is paid to the Non-executive directors for every meeting of the board and / or committee thereof attended by them, which is within the limits, prescribed under the Act 2013.

Commission

The Company benefits from the expertise, advise and inputs provided by the IDs. The IDs devote their valuable time in deliberating on strategic and critical issues in the course of the board / committee meetings of the Company and give their valuable advice, suggestions and guidance to the management of the Company, from time to time and hence IDs are being paid the following remuneration:

As approved by the shareholders at the AGM held on 30th September 2011, Non-executive and Independent Directors are being paid commission, not exceeding 1% of the net profits of the Company, subject to a maximum, as determined by the board, for each such director for every financial year for a period of five years commencing from 1st April, 2011.

A commission of Rs.10 lakhs per annum is payable to each such IDs, who serve as members of the audit committee as well and Rs.7.50 lakhs per annum to other IDs. The amount of commission for every financial year will be decided by the board, as approved by the shareholders at the annual general meeting, subject to the limit of 1% of net profits of the Company, as calculated pursuant to Section 198 of the Act 2013.

At the AGM held on 21st August 2014, all the IDs were appointed to hold office for a first term of five consecutive years from the conclusion of that 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 also profit related commission in terms of Section 197 of the Act 2013.

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

6.8 Particulars of sitting fees / commission paid to the non-executive and independent / non-independent directors during the financial year 2014-2015 are as follows:

(in Rs.)

Name of the directors (M/s.)	Sitting fees (*)	Commission
K Mahesh	7,500	–
Gopal Srinivasan	15,000	–
T K Balaji	52,500	–
Sudarshan Venu (§)	15,000	–
Vice Admiral P J Jacob (Retd)	1,20,000	10,00,000
V Subramanian	97,500	10,00,000
S Santhanakrishnan	1,20,000	10,00,000
Suresh Kumar Sharma	22,500	7,50,000
R Vijayaraghavan	90,000	7,50,000
Kamlesh Gandhi	60,000	7,50,000

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

(§) - sitting fees paid for meetings attended on 14th May 2014 and 13th August 2014 as director, prior to becoming joint managing director of the Company.

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6.9 Details of shareholdings of non-executive directors in the Company as on 31st March 2015:

Name of the non-executive director (M/s.)	No. of shares
K Mahesh	123
Gopal Srinivasan*	66
T K Balaji	–
Vice Admiral P J Jacob (Retd)	–
V Subramanian	–
S Santhanakrishnan	–
Suresh Kumar Sharma	–
R Vijayaraghavan	–
Kamlesh Gandhi	–

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

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

7. Stakeholders' Relationship Committee

7.1 The Stakeholders' Relationship Committee of directors (SRC) consists of three members viz., M/s. S Santhanakrishnan and R Vijayaraghavan, non-executive and independent directors and Dr Lakshmi Venu, executive and non-independent director. Mr S Santhanakrishnan, non executive director, is the chairman of the committee.

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

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

Date of the meeting	Members present (M/s.)
14.05.2014	S Santhanakrishnan, R Vijayaraghavan and Dr Lakshmi Venu
13.08.2014	S Santhanakrishnan and R Vijayaraghavan
07.11.2014	S Santhanakrishnan and R Vijayaraghavan
04.02.2015	S Santhanakrishnan and Dr Lakshmi Venu

7.4 The SRC oversees and reviews all the matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. The SRC 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 Share Transfer Department. The Company, as a matter of policy, disposes of investors' complaints within a span of seven days.

7.5 Complaints received and redressed during the year 2014-2015:

S.No.	Nature of complaints	No. of complaints
1.	Non-receipt of share certificates, including bonus share certificates	4
2.	Non-receipt of annual reports	1
3.	Pending demat rejection documents	1
	Total	6

7.6 All the queries and complaints received during the financial year ended 31st March 2015, were duly redressed and no queries are pending at the year end.

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

7.7 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:

Year	Location	Date	Time
2011-2012	The Music Academy, New No.168 (Old No. 306) TTK Road, Royapettah, Chennai - 600 014	29.11.2012	10.00 A.M.
2012-2013		27.08.2013	10.35 A.M.
2013-2014		21.08.2014	10.15 A.M.

8.2 Special resolutions passed in the previous three annual general meetings

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During the last three years, namely 2011-12 to 2013-14 approvals of the shareholders were obtained by passing special resolutions as follows:

Year	Subject matter of the special resolution	Date of AGM
2011-12	Appointment of Mr Sudarshan Venu as Vice President - TVS Motor Company Limited	29.11.2012
2012-13	Appointment of Captain N S Mohan Ram as consultant in TVS Motor Company Limited	27.08.2013
2013-14	Appointment of M/s Vice Admiral P J Jacob, V Subramaninan, S Santhanakrishnan, Suresh Kumar Sharma, R Vijayaraghavan and Kamlesh Gandhi, as Independent Directors of the Company for the first term of five years each.	21.08.2014

8.3 None of the subjects placed before the shareholders in the last / ensuing AGM required / requires approval by a Postal Ballot. However, in terms of clause 35B of the Listing Agreement and Section 108 read with the Companies (Management and Administration) Rules, 2014, the Company provided to the members facility to exercise their right to vote through electronic means and through poll for all the items at the annual general meeting held on 21st August 2014.

8.4 Postal Ballot:

The board sought the consent of shareholders of the Company by way of special resolutions through Postal Ballot as per the Notice issued to the shareholders on 13th August 2014, for

Resln. No.	Subject
(i)	Approving the borrowing limits upto Rs. 750 Cr, in terms of Sections 180(1)(c) and 180(2) of the Act, 2013; and
(ii)	Creating a mortgage and/or charge in respect of all or any of the Company's movable / immovable properties, in terms of Section 180(1)(a) of the Act, 2013.

The special resolutions were passed by the shareholders of the Company with majority.

The results of the Postal Ballot are given below.

Particulars	Resolution No. (i)		Resolution No. (ii)	
	No. of shares	% of votes	No. of shares	% of votes
Votes cast for the resolution	1,75,16,174	99.97	1,75,15,453	99.97
Votes cast against the resolution	4,960	0.03	5,082	0.03

8.5 Declaration of results of Postal Ballot:

The procedures prescribed Section 110 of the Act 2013 read with Rule 22 of the Companies (Management and

Administration) Rules, 2014 and Clause 35B of the Listing Agreement were duly followed for conducting the postal ballot process both physical and e-Voting, during the year to approve the resolutions mentioned above.

Mr K Sriram, Practising Company Secretary (C.P No. 2215), Chennai was appointed by the board as scrutinizer for conducting the postal ballot process both physical and e-Voting, in a fair and transparent manner.

An advertisement about dispatch of postal ballot papers were published in the newspapers, namely Business Line (in English) and Dinamani (in vernacular daily) on 21st August 2014. The results of postal ballot voting were displayed on the notice board of the registered office of the Company on 26th September 2014 and the same were also placed in the official website of the Company and disseminated to the Stock Exchanges for publication.

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 results 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 viz., The Hindu, Business Line, Economic Times and Regional Newspaper viz., Dinamani.

9.3 Website:

The Company has in place a website addressed as 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, 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 this website for publishing official news release and presentations, if any, made to institutional investors / analysts.

The Company has designated the following e-mail IDs, namely investorscomplaintssta@scl.co.in / rrp@scl.co.in for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.

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10. General shareholder information

10.1 Annual General Meeting:

Date and time	: Thursday, the 20 th August 2015 at 10.00 A.M.
Venue	: The Music Academy, New No.168, TTK Road, Royapettah, Chennai 600 014.

10.2 Financial year : 1st April to 31st March

Financial calendar 2015-16 (Tentative):

Financial reporting for the quarter ended	: Financial calendar
30 th June 2015	: between 15 th July and 14 th August 2015
30 th September 2015	: between 15 th October and 14 th November 2015
31 st December 2015	: between 15 th January and 14 th February 2016
31 st March 2016	: between 15 th April and 30 th May 2016

10.3 Date of book closure : 19th August 2015 to 20th August 2015 (2 days)

10.4 Particulars of dividend payment:

The board, at its meeting held on 4th February 2015, declared a first interim dividend of Rs.9/- per share (180%) for the year 2014-2015, absorbing a sum of Rs.18.21 Cr. It was paid to the shareholders on 14th February 2015.

The board, at its meeting held on 20th March 2015, declared a second interim dividend of Rs.4/- per share (80%) for the year 2014-2015, absorbing a sum of Rs.8.09 Cr. It was paid to the shareholders on 30th March 2015.

The board, at its meeting held on 8th May 2015, declared a third interim dividend of Rs. 6/- per share (120%) for the year 2014-15 absorbing a sum of Rs. 12.14 Cr. This will be paid to the shareholders on or before 18th May 2015.

Hence, the total amount of dividend including the proposed third interim dividend payable, for the year ended 31st March 2015 will aggregate to Rs. 19/- per share (380%) 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
BSE Ltd (BSE)	520056
National Stock Exchange of India Ltd (NSE)	SUNCLAYLTD
ISIN allotted by Depositories	INE 105A01035 (Company ID Number)

(Note: Annual listing fees and custodial charges for the year 2015-2016 were duly paid to the above Stock Exchanges and Depositories)

During the year the Company, has voluntarily delisted its Equity Shares from the Madras Stock Exchange Limited (MSE) in terms of Regulation 6 of SEBI (Delisting of equity shares) Guidelines 2009 without giving any exit opportunity to the shareholders, as the Company's Equity Shares continue to remain listed in BSE and NSE having the nationwide terminals.

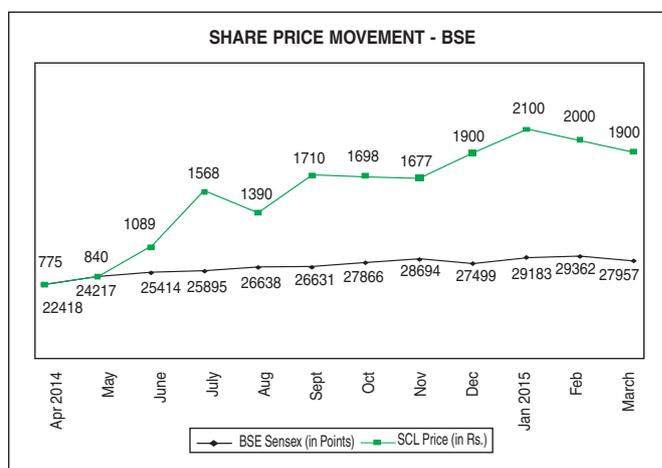
MSE approved the delisting of the Company's Equity Shares from its exchange with effect from 15th October 2014 vide letter no. MSE/LD/PSK/731/310/14 dated 15th October 2014.

10.6 Market Price Data:

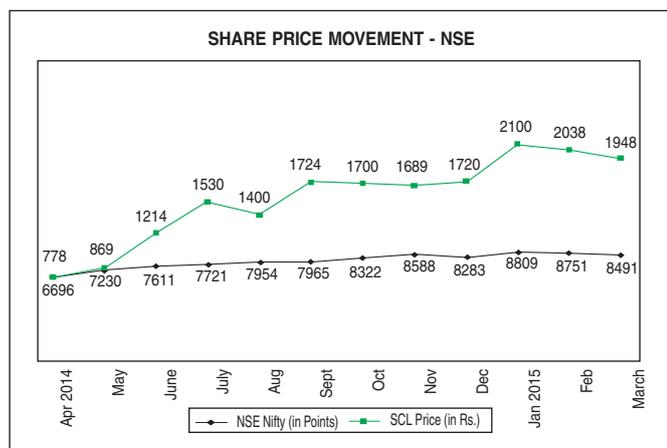
(in Rupees)

Month	NSE		BSE	
	High	Low	High	Low
April 2014	778.00	518.70	775.00	525.10
May 2014	869.00	705.00	840.00	705.30
June 2014	1214.00	803.50	1089.15	800.00
July 2014	1530.00	1070.00	1568.00	1061.00
August 2014	1400.00	1192.00	1390.00	1197.00
September 2014	1724.00	1360.15	1710.00	1350.00
October 2014	1700.00	1475.00	1698.90	1412.20
November 2014	1688.80	1503.55	1677.40	1500.00
December 2014	1720.00	1313.30	1900.00	1349.00
January 2015	2100.00	1516.00	2100.00	1540.00
February 2015	2038.00	1753.75	2000.00	1748.25
March 2015	1948.00	1699.95	1900.00	1700.00

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



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10.8 Share Transfer Agents and 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, dividends and other matters are being handled by the Share Transfer Department (STD) of the Company located at the address mentioned elsewhere in this report.
- Shares lodged for transfers are normally processed within 15 days from the date of lodgment, if the documents are clear in all respects.

10.9 Shareholding pattern of the Company as on 31st March 2015:

Category of Shareholder	No. of members	No. of shares held	%
Shareholding of Promoter and Promoter Group			
Promoter and Promoter Group			
Bodies Corporate	4	1,51,74,060	75.00
Total (A)	4	1,51,74,060	75.00
Public Shareholding			
Mutual Funds	17	24,63,773	12.18
Banks / Financial Institutions	2	302	-
Insurance Companies	3	5,51,977	2.73
Foreign Institutional Investors	7	24,551	0.13
Total Institutions (B)	29	30,40,603	15.04
Bodies Corporate	194	1,99,783	0.99
Individuals holding nominal capital in excess of Rs.1 lakh	5	2,38,863	1.18
Individuals holding nominal capital upto Rs.1 lakh	15121	15,44,832	7.63
NRI Repatriable	88	10,611	0.05
NRI Non- Repatriable	91	16,711	0.08
Directors & relatives	9	6622	0.03
Total Non-Institutions (C)	15508	20,17,422	9.96
Total Public Shareholding D= (B+C)	15537	50,58,025	25.00
Grand Total (A+D)	15541	2,02,32,085	100.00

- All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Grievances received from investors and other miscellaneous correspondences relating to change of address, mandates, etc., are processed by the STD 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 / rrp@scl.co.in for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.
- Shareholders are, therefore, requested to correspond with STD for transfer / transmission of shares, change of address and queries pertaining to their shareholding, dividend, etc., at their address given in this report.

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10.10 Distribution of Shareholding as on 31st March 2015

Shareholding (Range)	No of shares	%	No of members	%
Upto 5000	12,00,149	5.93	15,218	97.92
5001-10000	1,26,895	0.63	172	1.11
10001-20000	84,678	0.42	61	0.39
20001-50000	1,51,384	0.75	48	0.31
50001-100000	1,14,366	0.56	16	0.10
100001 & above	1,85,54,613	91.71	26	0.17
Total	2,02,32,085	100.00	15,541	100.00

10.11 Dematerialization of shares and liquidity:

The promoter holding consisting of 1,51,74,060 equity shares of Rs.5/- each has been fully dematerialized.

Out of 50,58,025 equity shares of Rs.5/- each held by persons other than promoters 48,06,056 shares have been dematerialized as on 31st March, 2015 accounting for 95.01%.

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

10.13 Plant locations:

Chennai	: Padi, Chennai - 600 050 Tamil Nadu, India Tel : 044 - 2625 8212 Fax : 044 - 2625 7177 Email : cnp@scl.co.in
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
Oragadam	: Plot No. B-14, SIPCOT Industrial Growth Centre Sriperumbudur Taluk, Kancheepuram District - 602 105 Tel : 044 - 6710 3300 Email : 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

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", 1st Floor,
No.29, Haddows Road,
Chennai 600 006
- (ii) for any query on non-receipt of annual report : Email : raman@scl.co.in
sclshares@gmail.com
- (iii) for Investors grievance & general correspondence : Email : rrp@scl.co.in
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, the Company is in compliance with this requirement.

11.2 Shareholder rights:

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

11.3 Audit qualifications:

The statutory financial statements of the Company are unqualified.

11.4 Separate posts of Chairman and CEO:

Considering the nature of the business of the Company, both the positions are held by the same individual in compliance with Section 203 of the Act 2013 read with the relevant articles of association of the Company.

11.5 Reporting to Internal Auditor:

All the internal audit reports are directly presented to the audit committee of the Company by the Internal Auditor.

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.

Demat of Shares:

Shareholders are requested to convert their physical holding to demat / electronic form through any of the DPs to avoid any possibility

Sundaram-Clayton Limited

of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.

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.

Transfer of shares in physical mode:

Shareholders should fill up a 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 of the Company.

In terms of SEBI's circular no. MRD/DoP/Cir-05/1009 dated 20th 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 / STD with original or certified copy of FIR / acknowledged copy of complaint for marking stop transfer of shares.

Consolidation of Multiple Folios:

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

Registration of Nominations:

Section 72 of the Act 2013 read with the Companies (Share capital and Debentures) Rules, 2014, provides facility for making nominations by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go

through the process of obtaining succession certificate / probate of the Will, etc.

It would therefore be in the best interest of the shareholders holding shares in physical form registered as a sole holder to make such nominations.

Shareholders, who have not availed nomination facility, are requested to avail the same by submitting the nomination in Form SH-13. This form will be made available on request. Investors holding shares in demat form are advised to contact their DPs for making nominations.

Update of address:

Shareholders are requested to update their addresses registered with the Company, directly through the STD, to receive all communications promptly.

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

SMS Alerts:

Shareholders are requested to note that NSDL and CDSL have announced the launch of SMS alert facility for demat account holders whereby shareholders will receive alerts for debits / credits (transfers) to their demat accounts a day after the transaction. No charge will be levied by NSDL / CDSL on DPs providing this facility to investors. This facility will be available to investors who request for the same and provide their mobile numbers to the DPs. Further information is available on the website of NSDL and CDSL namely www.nsdl.co.in and www.cdslindia.com, respectively.

Timely encashment of dividends:

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation/ losing their right of claim owing to transfer of unclaimed dividends beyond seven years to Investor 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. This would avoid wrong credits being obtained by unauthorized persons.

Shareholders, who have not encashed their dividend warrants, in respect of dividends declared for the year ended 31st March, 2008 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

Shareholders are requested to note that the dividends, not claimed for a period of seven years from the date they first became due for payment, shall be transferred to IEPF in terms of Section 205C of the Companies Act, 1956. Accordingly a sum of Rs. 5.12 lakhs, being unclaimed dividend, was transferred to IEPF during the year.

Sundaram-Clayton Limited

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

PARTICULARS OF UNCLAIMED DIVIDEND OF THE COMPANY

Financial year	Date of declaration	Date of transfer to special account	Due date of transfer to IEPF
2007-2008 (2 nd Interim)	18.08.2008	23.09.2008	23.09.2015
2008-2009 (1 st Interim)	08.12.2008	13.01.2009	13.01.2016
2008-2009 (Final)	29.09.2009	04.11.2009	04.11.2016
2009-2010 (1 st interim)	25.01.2010	02.03.2010	02.03.2017
2009-2010 (2 nd Interim)	13.08.2010	18.09.2010	18.09.2017
2010-2011 (1 st Interim)	28.01.2011	05.03.2011	05.03.2018
2010-2011 (2 nd 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 st Interim)	08.02.2013	16.03.2013	16.03.2020
2012-2013 (2 nd Interim)	08.05.2013	06.06.2013	06.06.2020
2013-2014 (1 st Interim)	29.10.2013	27.11.2013	27.11.2020
2013-2014 (2 nd Interim)	18.03.2014	16.04.2014	16.04.2021
2013-2014 (3 rd Interim)	14.05.2014	12.06.2014	12.06.2021
2014-2015 (1 st interim)	04.02.2015	05.03.2015	05.03.2022
2014-2015 (2 nd interim)	20.03.2015	18.04.2015	18.04.2022

Unclaimed share certificates:

In terms of the provisions of Clause 5A(II) of the Listing Agreement, the unclaimed share certificates are required to be dematerialized and transferred to "Unclaimed Suspense Account". As required under this clause of the Listing Agreement, the Company sent reminder letters to the shareholders, whose share certificates were returned undelivered or unclaimed. After complying with the requirements under the Listing Agreement, the Company has opened an "Unclaimed Suspense Account" and the details are as follows:

Details	No. of shareholders	No. of shares
No. of Shares transferred to unclaimed suspense account as on 20.01.2015	503	33550
No. of shares transferred to the shareholders on request till 31.03.2015	3	148
No of Shares in the Unclaimed suspense account as on 31 st March 2015	500	33402

The voting rights on such shares shall remain frozen till the rightful owner claims the shares.

Green initiative in corporate governance:

Section 137 of the Companies Act 2013 read with Rule 11 of the Companies (Accounts) Rules, 2014, permits circulation of annual report through electronic means to such of the shareholders whose e-mail addresses are registered with NSDL or CDSL or the shareholders who have registered their E-mail IDs 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 depositories.

To support this green initiative of the Government, shareholders are requested to register their e-mail addresses, with the DPs, in case shares are held in dematerialized form and with the STA, in case the shares are held in physical form and also intimate changes, if any, in their registered e-mail addresses to the Company / DPs, from time to time.

Sundaram-Clayton Limited

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 the senior management personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the company as laid down by the board for the year ended 31st March 2015.

Chennai
8th May 2015

VENU SRINIVASAN
Chairman & Managing Director

R RAJA PRAKASH
Company Secretary

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 31st March 2015, 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 has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said Clause. 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 and based on the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the abovementioned Listing Agreement.

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

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Chennai
8th May 2015

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

M. BALASUBRAMANIAM
Partner
Membership No. F7945

Sundaram-Clayton Limited

SECRETARIAL AUDIT REPORT for the financial year ended 31.03.2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9
of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To the Members of
Sundaram-Clayton Limited,
L35999TN1962PLC004792
29 Haddows Road,
Chennai - 600006.

I/We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. SUNDARAM-CLAYTON LIMITED, CIN L35999TN1962PLC004792 ("the Company"). Secretarial Audit was conducted in a manner that provided me / us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my/our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I/We hereby report that in my/our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I / we have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015, according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

- vi) The other laws as may be applicable specifically to the Company are:-
Based on the compliance reports made available to the undersigned and the compliance reports by the functional heads of the Company to the Top Management/Board of Directors of the Company, I /we report that the Company has substantially complied with the provisions of those Acts that are applicable to factories manufacturing auto components such as Motor Vehicles Act 1988, Explosives Act 1884, The Motor Transport Workers Act 1961, The Petroleum Act 1934, Environmental Protection Act 1986, laws related to Factories Act, Human Resources including Employees Provident Fund and Miscellaneous Provisions Act 1952, Employees State Insurance Act 1948 and tax laws.

I/We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI) (not notified hence not applicable the Company during the audit period).
- ii) The Listing Agreements entered into by the Company with the Stock Exchange, viz. National Stock Exchange of India Limited (NSE).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Listing Agreement with Stock Exchanges, Guidelines, Standards, etc. mentioned above subject to the following observations:

I/We further report that:

- 1) The Board of Directors of the Company is duly constituted with proper balance of non-executive directors and Independent directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- 2) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.
- 3) I/we further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- 4) During the period under audit, the Company has obtained consent of the members by a special resolution of the Company through postal ballot for exercising the powers by the board of directors (the board) to borrow and create a mortgage and/or charge in respect of all or any of the Company's movable / immovable properties and fixed assets comprising land, buildings, plant and machinery, both present and future, including a floating charge over the whole or any part of the undertaking of the Company for the purpose of securing such borrowings by the Company in the ordinary course of business, in terms of Section 180(1) (a) and 180(1) (c) of the Companies Act 2013.

B Chandra
Practising Secretary
ACS No.: 20879
C P No.: 7859

Place : Chennai
Date : 8th May, 2015

Sundaram-Clayton Limited

Independent Auditor's Report to the shareholders of Sundaram-Clayton Limited, Chennai for the year ended 31st March 2015

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

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Sundaram-Clayton Limited, Chennai - 600006 ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 auditors' judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- ii. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:

Note XXII - (1) (f) Accounting for depreciation:-

The Companies Act, 2013, stipulates systematic allocation of the depreciable amount of an asset over its useful life. The Act also prescribes that a maximum of 5% of the cost can be retained as residual value and the balance 95% to be amortised over the useful life of the asset.

However, the Company has chosen to reduce the residual value from the depreciation to be provided for in the terminal year, thereby claiming higher depreciation in the earlier years.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure, a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer note no. XXII(8) to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contract for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Sundaram & Srinivasan

Chartered Accountants
Firm Regn. No.: 0042075

M. BALASUBRAMANIAM

Partner

Membership No.: F7945

Place : Chennai

Date : 8th May 2015

Sundaram-Clayton Limited

Annexure referred to in our report of even date on the accounts for the year ended 31st March 2015

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets are verified physically by the management in accordance with a regular programme at reasonable intervals. In our opinion the interval is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

- (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 the circumstances obtaining, the frequency is considered adequate.

In respect of inventory with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties.

- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management are 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) During the year, the company has not granted any loan to a company, firm or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

- (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 continuing failure to correct major weakness in the internal control system has been noticed.

- (v) The company has not accepted any deposits within the meaning of sections 73 to 76 of the Companies Act, 2013, during the year.

- (vi) In our opinion and according to the information and explanations given to us, the requirement for maintenance of cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014 specified by the Central Government of India under Section 148 of the Companies Act, 2013 are not applicable to the Company for the year under audit.

- (vii) (a) According to the records provided to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues with the appropriate authorities.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax,

Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess were in arrears, as at 31st March 2015 for a period of more than six months from the date they became payable.

- (c) According to information and explanations given to us, the following are the details of the disputed dues, that were not deposited with the concerned authorities:

Name of the statute	Nature of dues	Amount (Rs. in crore)	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	0.06	The Hon'ble High Court of Judicature at Madras
		0.72	Additional Commissioner of Central Excise, Chennai
Finance Act, 1994	Service Tax	3.33	Central Excise and Service Tax Appellate Tribunal, Chennai
		4.27	Commissioner (Appeals), Chennai
		0.07	Additional Commissioner of Central Excise, Chennai
		0.52	Joint Commissioner of Central Excise, Chennai
		0.03	Deputy Commissioner of Central Excise, Chennai
		0.24	Assistant Commissioner of Central Excise, Chennai
Income Tax Act, 1961	Income Tax	7.62	Commissioner of Income Tax (Appeals), Chennai
		0.50	The Hon'ble High Court of Judicature at Madras
Tamilnadu Town and Country Planning Act, 1971	Fee payable to CMDA / Municipal Authorities	0.84	The Hon'ble High Court of Judicature at Madras

Sundaram-Clayton Limited

- (d) During the year, the company has transferred the amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.
- (viii) 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.
- (ix) 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. The company has not issued debentures during the year.
- (x) In our opinion, the terms and conditions of guarantees given by the Company for loans availed by others are not prejudicial to interest of the Company.
- (xi) The company has not availed any fresh term loan during the year. The loans availed in earlier years were applied for the purpose for which they were availed.
- (xii) 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
8th May 2015

Sundaram-Clayton Limited

Balance Sheet as at 31st March 2015

(Rupees in crores)

	Note number	As at 31.03.2015	As at 31.03.2014
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	I	10.12	10.12
(b) Reserves and surplus	II	364.49	333.51
2 Non-current liabilities			
(a) Long-term borrowings	III	106.58	96.30
(b) Deferred tax liabilities (Net)		22.27	18.52
(c) Long-term provisions	IV	17.13	15.44
3 Current liabilities			
(a) Short-term borrowings	V	220.31	203.11
(b) Trade payables		127.64	138.28
(c) Other current liabilities	VI	81.82	97.67
(d) Short-term provisions	VII	27.94	31.65
Total		978.30	944.60
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	VIII	408.24	396.97
(ii) Intangible assets	VIII	0.59	0.35
(iii) Capital work-in-progress	VIII	9.34	8.55
(b) Non-current investments	IX	61.31	55.95
(c) Long-term loans and advances	X	23.71	21.98
2 Current assets			
(a) Current investments		–	–
(b) Inventories	XI	199.84	189.45
(c) Trade receivables	XII	179.96	182.16
(d) Cash and cash equivalents	XIII	2.10	5.42
(e) Short-term loans and advances	XIV	91.99	81.75
(f) Other current assets	XV	1.22	2.02
Total		978.30	944.60
Accounting Standards, additional disclosures and notes on accounts	XXII		

VENU SRINIVASAN
Chairman & Managing Director

Dr LAKSHMI VENU
Joint Managing Director

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

Chennai
8th May 2015

V N VENKATANATHAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary

M BALASUBRAMANIAM
Partner
Membership No. F7945

Sundaram-Clayton Limited

Statement of Profit & Loss for the year ended 31st March 2015

		(Rupees in crores)	
	Note number	Year ended 31.03.2015	Year ended 31.03.2014
I	Revenue from operations	1,415.98	1,278.51
	Less: Excise duty and service tax	69.87	81.75
		1,346.11	1,196.76
II	Other income	55.00	35.78
III	Total Revenue (I + II)	1,401.11	1,232.54
IV	Expenses:		
	Cost of materials consumed	692.33	596.10
	Changes in inventories of finished goods, work-in-process and Stock-in-Trade	2.35	(1.62)
	Employee benefits expense	183.20	155.20
	Finance costs	36.88	35.65
	Depreciation and amortization expense	59.82	53.21
	Other expenses	345.18	339.04
	Total expenses	1,319.76	1,177.58
V	Profit before exceptional items and tax (III-IV)	81.35	54.96
VI	Exceptional item	3.06	5.83
VII	Profit before tax (V + VI)	84.41	60.79
VIII	Tax expense:		
	(1) Current tax	9.50	5.50
	(2) Deferred tax	3.75	1.63
IX	Profit for the year (VII-VIII)	71.16	53.66
	Earnings per equity share [Vide Note No XXII (1) (t)] :		
	Face Value Rs.5/- each.		
	(1) Basic (in Rs.)	35.19	27.00
	(2) Diluted (in Rs.)	35.19	27.00
	Accounting Standards, additional disclosures and notes on accounts	XXII	

VENU SRINIVASAN
Chairman & Managing Director

Dr LAKSHMI VENU
Joint Managing Director

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

Chennai
8th May 2015

V N VENKATANATHAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary

M BALASUBRAMANIAM
Partner
Membership No. F7945

Sundaram-Clayton Limited

Notes on accounts

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number	Rupees in crores	Number	Rupees in crores
I. SHARE CAPITAL				
(a) Details of authorised, issued and subscribed share capital				
Authorised Capital				
Equity Shares of Rs.5/- each	5,00,00,000	25.00	5,00,00,000	25.00
Issued,Subscribed & Paid up Capital				
Equity Shares of Rs.5/- each fully paid	2,02,32,085	10.12	2,02,32,085	10.12
(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year				
Shares outstanding at the beginning of the year	2,02,32,085	10.12	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	2,02,32,085	10.12

(c) i) Rights and preferences attached to equity share:

Every shareholder is entitled to such rights as to attend the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act 2013.

ii) There are no restrictions attached to equity shares.

(d) Details of shares held by holding / ultimate holding / subsidiaries / associates of holding company at the end of 31st March 2015

Name of Shareholder	Relationship	Class of Shares	As at 31.03.2015		As at 31.03.2014	
			No. of shares held	% of holding	No. of shares held	% of holding
T V Sundram Iyengar & Sons Private Limited - Madurai	Holding company	Equity	38,07,330	18.82	38,07,330	18.82
Sundaram Industries Private Limited - Madurai	Fellow Subsidiary	Equity	60,62,522	29.96	60,62,522	29.96
Southern Roadways Limited - Madurai	Fellow Subsidiary	Equity	30,31,127	14.98	30,31,127	14.98

(e) Details of shareholders holding more than five percent at the end of 31st March 2015 (other than I (d) above)

Name of Shareholder	Class of Shares	As at 31.03.2015		As at 31.03.2014	
		No. of shares held	% of holding	No. of shares held	% of holding
Sundaram Finance Limited - Chennai	Equity	22,73,081	11.24	22,73,081	11.24

Sundaram-Clayton Limited

Notes on accounts – (continued)

		(Rupees in crores)			
Particulars		As at 31.03.2015		As at 31.03.2014	
II. RESERVES AND SURPLUS					
a. Securities Premium					
	Opening Balance	36.42		–	
	Add: On shares issued during the year	–	36.42	36.42	36.42
	Closing Balance	(a)	36.42		36.42
b. General Reserve					
	Opening Balance	219.46		214.09	
	Add: Transfer from the Statement of Profit and Loss	7.12		5.37	
	Less: Additional depreciation consequent to adoption of revised useful life of depreciable assets as per Schedule II of the Companies Act, 2013	1.74	224.84	–	219.46
	Closing Balance	(b)	224.84		219.46
c. Surplus i.e. balance in Statement of Profit and Loss					
	Opening balance	77.63		68.49	
	Add: Net Profit for the current year	71.16		53.66	
	Tax relating to earlier years (Rs.19,818/-)	–	148.79	–	122.15
	Less: Allocations / Appropriations				
	First interim dividend paid	18.21		18.21	
	Second interim dividend paid	8.09		7.59	
	Third interim dividend payable	12.14		13.15	
	Dividend tax *	–		0.20	
	Transfer to general reserve	7.12	45.56	5.37	44.52
	Closing Balance	(c)	103.23		77.63
	Total (d) = (a + b + c)		364.49		333.51

* The Company has taken credit for the dividend distribution tax paid by one of the subsidiary companies on the dividend declared as per section 115-O (1A) of the Income Tax Act, 1961

III. LONG-TERM BORROWINGS

(a) Secured					
Term loans					
	From banks	103.31		92.10	
(b) Unsecured					
	Other than banks	3.27		4.20	
Total		106.58		96.30	

Details of repayment terms of Long term loans

(Rupees in crores)

Total of loans repayable	Loans repayable in 2014-15 (Current maturity)	Balance long term loans as at 31-03-2014	Description	Frequency	No. of instalments due	Maturity	Total of loans repayable	Loans repayable in 2015-16 (Current maturity)	Balance long term loans as at 31-03-2015
28.57	14.29	14.28	Rupee Term Loan I	Quarterly	4	February 2016	14.28	14.28	–
25.00	12.50	12.50	Rupee Term Loan II	Half Yearly	2	March 2016	12.50	12.50	–
70.00	5.84	64.16	Rupee Term Loan III	Quarterly	11	December 2017	64.17	23.36	40.81
31.29	30.13	1.16	Buyer's credit	Bullet payment	NIL	July 2014 to April 2015	1.21	1.21	–
–	–	–	Foreign Currency Non-resident Borrowings [FCNR(B)] Loan	Bullet payment	NIL	July 2016 & August 2016	62.50	–	62.50
154.86	62.76	92.10	Sub-total				154.66	51.35	103.31
4.20	–	4.20	Soft loan - Unsecured	Yearly			3.27	–	3.27
159.06	62.76	96.30	Total				157.93	51.35	106.58

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 situated at the Company's factories
- (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 "
- (iv) FCNR(B) Loan from Bank
Secured by charge on specific plant and equipment situated at the Company's factories (document creating charge to be executed)

Amount payable in each instalment

Description	Currency	Amount
Term Loan I	INR	3.57 crores
Term Loan II	INR	6.25 crores
Term Loan III	INR	5.84 crores

(Rupees in crores)

As at 31.03.2015

As at 31.03.2014

IV. LONG-TERM PROVISIONS

(a) Employee benefits		
(i) Pension	12.88	11.14
(ii) Leave salary	2.30	2.35
(b) Others		
Sales Tax	1.95	1.95
Total	17.13	15.44

V. SHORT-TERM BORROWINGS

(a) Secured		
From banks- Repayable on demand	140.71	126.04
(b) Unsecured		
From banks	79.60	77.07
Total	220.31	203.11

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 31.03.2015 As at 31.03.2014

VI. OTHER CURRENT LIABILITIES

(a) Current maturities of long-term debt		
Term loans	51.35	62.76
(b) Interest accrued but not due on borrowings	3.79	4.23
(c) Unpaid dividends	0.74	0.71
(d) Others		
(i) Tax deducted at source payable	1.02	1.74
(ii) Sales tax payable	1.78	2.14
(iii) Employee related	18.88	11.85
(iv) For expenses	1.51	6.44
(v) Advance received	2.75	7.80
Total	81.82	97.67

VII. SHORT-TERM PROVISIONS

(a) Employee benefit - Pension	10.14	13.77
(b) Employee benefit - Leave salary	1.10	1.07
(c) Warranty	4.06	3.66
(d) Interim dividend payable	12.14	13.15
(e) Provision for taxation (net of advance tax of Rs.14.67 Crores; PY Rs.Nil)	0.50	–
Total	27.94	31.65

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		As at	
	Free hold	Lease hold						31/03/ 2015	31/03/ 2014	31/03/ 2015	31/03/ 2014	31/03/ 2015	31/03/ 2014
Cost of assets													
As at 01-04-2014	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
Additions #	–	–	6.01	62.43	0.64	1.53	2.57	73.18	54.15	1.10	0.66	74.28	54.81
Sub-total	3.34	10.63	** 113.10	651.27	8.54	16.33	18.75	821.96	752.57	5.98	4.88	827.94	757.45
Sales / Deletion / Amortisation	(0.14)	(0.12)	(0.29)	(3.76)	(0.04)	(0.80)	(0.32)	(5.47)	(3.79)	–	–	(5.47)	(3.79)
Total	3.20	10.51	112.81	647.51	8.50	15.53	18.43	816.49	748.78	5.98	4.88	822.47	753.66
Depreciation and amortisation													
Upto 31-03-2014	–	–	19.82	313.64	3.42	9.90	5.03	351.81	302.14	4.53	3.96	356.34	306.10
For the year	–	–	3.39	50.09	1.35	2.02	2.11	58.96	52.64	0.86	0.57	59.82	53.21
Charged to retained earnings i.e., reserves	–	–	–	1.02	0.08	0.41	0.23	1.74	–	–	–	1.74	–
Sub-total	–	–	23.21	364.75	4.85	12.33	7.37	412.51	354.78	5.39	4.53	417.90	359.31
Withdrawn on assets sold / deleted	–	–	(0.05)	(3.14)	(0.04)	(0.74)	(0.29)	(4.26)	(2.97)	–	–	(4.26)	(2.97)
Total	–	–	23.16	361.61	4.81	11.59	7.08	408.25	351.81	5.39	4.53	413.64	356.34
Written down value													
As at 31-03-2015	3.20	10.51	89.65	285.90	3.69	3.94	11.35	408.24	–	0.59	–	408.83	–
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
CAPITAL WORK-IN-PROGRESS (AT COST) #													
(a) Building												–	0.12
(b) Plant & equipment												9.34	8.43
Total												9.34	8.55

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

** Charged under the head rent paid

Addition includes gain arising on account of realisation and restatement of foreign currency borrowing attributable to acquisition of plant and equipment amounting to Rs. 2.46 Cr (previous year loss - Rs.2.97 Cr) - vide notes on accounts Note No. XXII (1)(k) under Accounting Standard -11.

Sundaram-Clayton Limited

Notes on accounts – (continued)

		(Rupees in crores)	
		As at 31.03.2015	As at 31.03.2014
IX. NON-CURRENT INVESTMENTS			
A Trade Investments			
(a) Investments in Equity instruments		27.06	27.06
(b) Investments in Preference shares		10.00	10.00
(c) Investments in Private equity instruments		11.55	9.68
Total - Trade Investments (A)		48.61	46.74
B Other Investments			
Employees' pension related investments		12.70	9.21
Total Other Investments (B)		12.70	9.21
Total (A + B)		61.31	55.95

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 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
A.	Trade Investments							
(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	7,280	7,280	-	-	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	30.53%	43.96%	2.00	2.00
	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
	Total (a)						27.06	27.06
(b)	Investment in Preference shares - Fully paid-up							
	Unquoted							
	TVS Motor Services Limited, Chennai - Non Cumulative Redeemable Preference Shares	Others	1,00,00,000	1,00,00,000	-	-	10.00	10.00
	Total (b)						10.00	10.00
(c)	Investments in Private equity instruments - Unquoted							
	TVS Shriram Growth fund Scheme 1A 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 (4)(ii))	Others	30,000	11,250	-	-	3.00	1.13
	Total (c)						11.55	9.68
	Total A (a+b+c)						48.61	46.74

Sundaram-Clayton Limited

Notes on accounts – (continued)

Details of Non-current investments - (continued)

Sl. No.	Name of the body corporate	Subsidiary/ associate/ JV/controlled entity	No. of shares / units		Extent of holding (%)		Rupees in Crores	
			As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
B.	Other Investments							
(a)	Investment in equity instruments - Partly paid-up- Unquoted Adyar Property Holding Company Limited, Chennai- Cost Rs. 6825	Others	105	105	-	-	-	-
(b)	Employees pension related ICICI Prudential Life Insurance Company Limited, Mumbai	Others	-	-	-	-	4.45	4.99
	Life Insurance Corporation of India, Chennai	Others	-	-	-	-	8.25	4.22
(c)	Investment in National Savings Certificate (in the name of the nominee) - Face value - Rs.10,000	Others	-	-	-	-	-	-
	Total B (a + b + c)						12.70	9.21
	Total (A) + (B)						61.31	55.95

Note: All investments are carried at cost.

Summary of non-current investments

(Rupees in crores)

Sl. No.	Particulars	As at 31.03.2015		As at 31.03.2014	
		Cost	Market value	Cost	Market value
(a)	Quoted investments	20.06	7,269.78	20.06	2,687.26
(b)	Unquoted investments	41.25	-	35.89	-
	Total	61.31	7,269.78	55.95	2,687.26

(Rupees in crores)

As at 31.03.2015 As at 31.03.2014

X. LONG-TERM LOANS AND ADVANCES

Unsecured, considered good

(a) Capital advances	2.61	1.53
(b) Deposits made	21.10	17.39
(c) Advance payment of tax	-	3.06
Total	23.71	21.98

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

(a) Raw Materials and components *	26.20	19.02
(b) Goods-in transit- Raw Materials and components *	4.12	2.52
(c) Work-in-process *	18.89	22.95
(d) Finished goods *	98.21	96.50
(e) Stores and spares *	52.42	48.46
Total	199.84	189.45

Note: Work-in-process comprises of:

(a) Semi finished castings pending for machining / under inspection	16.77	21.73
(b) Semi finished machined products	2.12	1.22
	18.89	22.95

* as certified by Chairman & Managing Director

Sundaram-Clayton Limited

Notes on accounts – (continued)

	(Rupees in crores)	
	As at 31.03.2015	As at 31.03.2014
XII. TRADE RECEIVABLES		
(a) Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	–	–
(ii) Considered doubtful	2.57	2.66
	<u>2.57</u>	<u>2.66</u>
Less: Provision for doubtful debts	2.57	2.66
	<u>–</u>	<u>–</u>
(b) Other unsecured debts (considered good)	179.96	182.16
Total	<u>179.96</u>	<u>182.16</u>
XIII. CASH AND CASH EQUIVALENTS		
(a) Balances with banks	1.06	2.34
(b) Cheques/drafts on hand	0.14	2.32
(c) Cash on hand	0.16	0.05
(d) Earmarked balances with banks (for unpaid dividend)	0.74	0.71
Total	<u>2.10</u>	<u>5.42</u>
XIV. SHORT TERM LOANS AND ADVANCES		
Unsecured considered good:		
(a) Employee related	1.74	1.85
(b) Excise current account	46.01	34.22
(c) Vendor advance	29.79	28.87
(d) Prepaid Expenses	4.33	3.68
(e) Export benefit	0.47	1.44
(f) VAT receivable	1.97	1.52
(g) Service Tax receivable	2.14	2.68
(h) Advance payment of tax (net of provision of Rs.5 Cr; PY Rs.22.95 Cr)	5.54	7.49
Total	<u>91.99</u>	<u>81.75</u>
XV. OTHER CURRENT ASSETS		
(a) Claims receivable	0.01	1.69
(b) Premium on forward contracts	1.19	0.28
(c) Interest accrued on investments and Loans & advances	0.02	0.05
Total	<u>1.22</u>	<u>2.02</u>

Sundaram-Clayton Limited

Notes on accounts – (continued)

	(Rupees in crores)	
	Year ended 31.03.2015	Year ended 31.03.2014
XVI. REVENUE FROM OPERATIONS		
(a) Sale of products	1,350.84	1,222.79
(b) Sale of services [#]	25.54	22.31
(c) Other operating revenues	<u>39.60</u>	<u>33.41</u>
	1,415.98	1,278.51
Less: Excise duty and service tax	<u>69.87</u>	<u>81.75</u>
	<u>1,346.11</u>	<u>1,196.76</u>
[#] Refer Note No. XXII(10) for broad head of sale of services		
XVII. OTHER INCOME		
(a) Interest income	0.72	0.59
(b) Dividend		
(i) From subsidiary	40.90	34.09
(ii) From others	0.91	1.08
(c) Profit on sale of fixed assets	0.38	0.02
(d) Net gain on foreign currency transactions and translation	<u>12.09</u>	<u>–</u>
Total	<u>55.00</u>	<u>35.78</u>
XVIII. MATERIAL COST		
Cost of Materials consumed		
Opening stock of raw materials and components	19.02	24.93
Add: Purchases	<u>699.51</u>	<u>590.19</u>
	718.53	615.12
Less: Closing stock of raw materials and components	<u>26.20</u>	<u>19.02</u>
Cost of materials consumed	<u>692.33</u>	<u>596.10</u>
Changes in inventories of finished goods, work-in-process and stock-in-trade:		
Opening stock:		
Work-in-process	22.95	19.82
Finished goods	<u>96.50</u>	<u>98.01</u>
Total (A)	<u>119.45</u>	<u>117.83</u>
Closing stock:		
Work-in-process	18.89	22.95
Finished goods	<u>98.21</u>	<u>96.50</u>
Total (B)	<u>117.10</u>	<u>119.45</u>
Changes in inventories (A)-(B)	<u>2.35</u>	<u>(1.62)</u>
XIX. EMPLOYEE BENEFITS EXPENSE		
(a) Salaries and wages	148.06	123.64
(b) Contribution to provident and other funds	7.57	9.90
(c) Welfare expenses	<u>27.57</u>	<u>21.66</u>
Total	<u>183.20</u>	<u>155.20</u>

Sundaram-Clayton Limited

Notes on accounts – (continued)

	(Rupees in crores)	
	Year ended 31.03.2015	Year ended 31.03.2014
XX. FINANCE COSTS		
(a) Interest expense	28.51	29.19
(b) Other borrowing costs	0.20	0.57
(c) Exchange fluctuation	8.17	5.89
Total	36.88	35.65
XXI. OTHER EXPENSES		
(a) Consumption of stores, spares and tools*	68.46	61.49
(b) Power and fuel*	93.83	90.72
(c) Rent*	18.81	19.45
(d) Repairs - buildings*	16.04	15.17
(e) Repairs - plant and equipment*	25.80	22.69
(f) Repairs - others*	0.61	0.88
(g) Insurance	1.75	1.50
(h) Rates and taxes, excluding, taxes on income	2.55	4.32
(i) Audit fees (Vide Note No XXII (5) in notes on accounts)	0.60	0.43
(j) Packing and freight charges*	52.82	59.70
(k) Warehousing charges	12.88	14.92
(l) Loss on sale of fixed assets	0.55	0.29
(m) 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)	50.48	47.48
Total	345.18	339.04

* Net of recoveries

Expenditure incurred on Corporate Social Responsibility (CSR) activities is Rs. 0.36 Cr.

Sundaram-Clayton Limited

XXII. ACCOUNTING STANDARDS, ADDITIONAL DISCLOSURES AND NOTES ON ACCOUNTS

(Rupees in crores)

As at / Year ended 31.03.2015	As at / Year ended 31.03.2014
-------------------------------------	-------------------------------------

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 - 4 (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:

Employee benefits expense

0.01

Other expenses

0.08

0.12

ii) There is no change in accounting policies.

f) AS - 6 Depreciation accounting

Depreciation has been provided under the straight line method based on the useful life as per the requirements of Schedule II of the Companies Act, 2013.

The Company has internally evaluated the useful life of all the assets and that useful life has been considered for providing the depreciation charge. In respect of assets added / sold during the year, pro-rata depreciation has been provided. Assets acquired during the year and whose cost is less than Rs.5,000/- are fully depreciated.

The Companies Act, 2013, stipulates systematic allocation of the depreciable amount of an asset over its useful life. The Act also prescribes that a maximum of 5% of the cost can be retained as residual value and the balance 95% to be amortised over the useful life of the asset. However, the Company has chosen to reduce the residual value from the depreciation to be provided for in the terminal year, thereby claiming higher depreciation in the earlier years.

g) AS - 7 Construction contracts

This accounting standard is not applicable.

h) AS - 8 Research and Development

This accounting standard is withdrawn.

Sundaram-Clayton Limited

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

(Rupees in crores)

As at / Year ended 31.03.2015	As at / Year ended 31.03.2014
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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.
- (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 add or deduct the effect of the changes in foreign exchange rates relating to long term foreign currency monetary items to the carrying cost of fixed asset. 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.	2.46	(2.97)
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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 a Principal Only Swap in respect of the FCNR(B) loan of USD 10 Mn availed during the year.

Net gain / (loss) on foreign exchange fluctuation credited / debited to statement of profit and loss - under Other Income in Note no XVII.	12.09	(0.06)
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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 31.03.2015	As at / Year ended 31.03.2014
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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 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.

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	1.13	1.10	0.94
(ii) Interest cost	0.15	1.74	0.93
(iii) Expected return on plan assets	–	–	(1.14)
(iv) Net actuarial loss /(gain) recognised in the year	1.78	0.67	(1.90)
Total	3.06	3.51	(1.17)

Sundaram-Clayton Limited

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

(Rupees in crores)

C Disclosure as required by Accounting Standard 15 - (continued)

	Leave salary	Pension	Gratuity
(b) Change in defined benefit obligation during the year ended 31 st March 2015			
(i) Present value of obligation as at beginning of the year (01.04.2014)	3.42	23.91	11.63
(ii) Interest cost	0.15	1.74	0.93
(iii) Current service cost	1.13	1.10	0.94
(iv) Benefits paid	(3.08)	(4.40)	(0.66)
(v) Actuarial loss on obligation	1.78	0.67	(1.90)
(vi) Present value of obligation as at the end of the year (31.03.2015)	<u>3.40</u>	<u>23.02</u>	<u>10.94</u>
(c) Change in fair value of plan assets during the year ended 31 st March 2015			
(i) Fair value of plan assets at the beginning of the year (01.04.2014)	–	–	12.65
(ii) Expected return on plan assets	–	–	1.14
(iii) Contributions made during the year	–	–	0.53
(iv) Benefits paid	–	–	(0.66)
(v) Actuarial gain on plan assets	–	–	–
(vi) Fair value of plan assets as at the end of the year 31 st March 2015	<u>–</u>	<u>–</u>	<u>13.66</u>
(d) Balance Sheet movements			
(i) Value of benefit obligations / (net assets) at the beginning of the year (01-04-2014)	3.42	23.91	–
(ii) Contributions made during the year	–	–	0.53
(iii) Expenses	3.06	3.51	(1.17)
(iv) Benefits paid	(3.08)	(4.40)	(0.66)
(v) Value of benefit	<u>3.40</u>	<u>23.02</u>	<u>(1.30)</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.

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. 0.10 crores (last year Rs. 0.14 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.

Sundaram-Clayton Limited

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

(Rupees in crores)

As at / Year ended 31.03.2015	As at / Year ended 31.03.2014
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s) AS -19 Accounting for leases

The Company has taken the following assets under operating lease.

1. Vehicle

The lease is for a maximum period of 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	0.64	0.34
- Later than one year and not later than five years	1.58	1.03
- 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	0.52	0.57

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	19.93	13.66
- Later than one year and not later than five years	66.83	83.31
- Later than five years	0.17	3.62
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	13.66	13.54

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 outstanding during the year.

Profit after tax	71.16	53.66
Number of equity shares	2,02,32,085	2,02,32,085
Face value of the share (in rupees)	5	5
Weighted average number of equity shares	2,02,32,085	1,98,82,182
Basic and diluted Earnings per share (in rupees)	35.19	27.00

u) AS - 21 Consolidated financial statements

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

Sundaram-Clayton Limited

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

(Rupees in crores)

As at / Year ended 31.03.2015	As at / Year ended 31.03.2014
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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	35.25	36.27
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Less: Deferred tax assets

On employee related schemes

		9.27	9.80
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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.

		3.71	7.95
--	--	------	------

Total

	B	12.98	17.75
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Net Deferred Tax Liability

	C = A - B	22.27	18.52
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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) The Company holds 30.53% 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
- Amortisation rates used

	2 years	2 years
	50% each	50% each
	year as	year as
	depreciation	depreciation

Sundaram-Clayton Limited

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

		(Rupees in crores)	
		As at / Year ended 31.03.2015	As at / Year ended 31.03.2014
-	Gross carrying amounts at the beginning and at the end of the period together with additions and deletions during the year		
	Opening balance	4.88	4.22
	Additions during the year	1.10	0.66
	Total (A)	5.98	4.88
	Amortisation		
	Opening balance	4.53	3.96
	For the year	0.86	0.57
	Total amortisation (B)	5.39	4.53
	Closing balance (A - B)	0.59	0.35
aa)	AS - 27 Financial reporting of interest in joint ventures		
	There is no joint venture.		
ab)	AS - 28 Impairment of Assets		
	The carrying amount of the assets net of accumulated depreciation as on the balance sheet date is not less than the recoverable amount of those assets.		
ac)	AS - 29 Provisions, contingent liabilities and contingent assets		
(i)	Provisions		
	The management has an estimated warranty provision of Rs. 4.06 Cr (previous year - Rs. 3.66 Cr)		
(ii)	Contingent liabilities		
	Amount for which the Company is contingently liable is disclosed in Note No. XXII (4).		
(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 (8).		
2	Dues from Subsidiaries		
	Debtors include due from subsidiaries		
-	Debts outstanding for a period exceeding six months	-	-
-	Other debts	17.56	20.21
3	Trade payables include amount due to micro and small scale industrial units	2.35	0.89
	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)	2.35	0.89
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 31.03.2015	As at / Year ended 31.03.2014
(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
4 (i) Contingent liability not provided for			
a)	On counter-guarantee given to bank	7.72	0.90
b)	On letters of credit opened with banks	51.90	46.91
c)	On partly paid shares (Adyar Property Holding Company Limited, Chennai - Rs.3,675/-)	–	–
d)	Capital commitments not provided	10.57	14.90
e)	On guarantee furnished on behalf of employees (Current year Rs.13,268/-; Previous Year Rs.26,127/-)	–	–
f)	On account of future export obligations (under Export Promotion Capital Goods Scheme and Advance Licence)	58.90	123.54
(ii) Commitment not provided for			
	On commitment for capital contribution to TVS Shriram Growth Fund Scheme 1B of TVS Capital Funds Limited, Chennai	4.50	6.38
5 Audit fees consist of			
a)	Audit fees	0.27	0.22
b)	Certification fees	0.04	0.03
c)	Taxation matters	0.06	0.03
d)	Other services	0.17	0.11
e)	Reimbursement of expenses	0.06	0.04
6 Contribution to provident and other funds include			
(a)	Gratuity as per scheme framed by Life Insurance Corporation of India (LIC)	0.68	2.27
(b)	Pension fund	–	0.20
(c)	Deposit linked insurance as per scheme framed by LIC	0.22	0.07

Sundaram-Clayton Limited

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

	(Rupees in crores)	
	As at / Year ended 31.03.2015	As at / Year ended 31.03.2014
7 Repairs include		
Stores consumed	6.90	8.49
8 Liability contested and not provided for		
a) Excise duty	0.22	0.62
b) Service tax	5.75	4.49
c) Income tax	8.35	7.08
d) Others	0.84	0.69
9 Research and development expenditure incurred and claimed under Income Tax Act, 1961		
a) Revenue Expenditure - This consists of		
Salaries & wages	3.96	3.81
Materials / consumables / spares	0.21	0.80
Training	0.19	–
Testing Expenses	–	0.04
Software / data processing	0.16	0.11
Foreign and inland travel	0.08	0.11
Administrative and other expenses (Current year Rs.26,119/-; Last year Rs.4,000/-)	–	–
Electricity	0.32	0.59
Total - A	4.92	5.46
b) Capital expenditure		
Plant & Equipment (included in total cost of additions of Rs.62.43 Cr under Plant and Equipment, Dies & Jigs)	0.32	0.68
Total - B	0.32	0.68
Total expenditure (A + B)	5.24	6.14
10 Sale of services		
a) Management services	24.85	21.61
b) Others	0.69	0.70
Total	25.54	22.31

Sundaram-Clayton Limited

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

(Rupees in crores)

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

Particulars	Name of the Company	Amount outstanding as on 31-03-2015	Maximum amount due at any time during the year	Amount outstanding as on 31-03-2014
a) Loans and advances				
(i) Loans and advances in the nature of loans made to subsidiary company	NIL	–	–	–
(ii) Loans and advances in the nature of loans made to associate Company	NIL	–	–	–
(iii) Loans and advances in the nature of loans where there is				
1) no repayment schedule or repayment beyond seven years (or)	NIL	–	–	–
2) no interest or interest below Section 186 of the Companies Act, 2013	NIL	–	–	–
(iv) Loans and advances in the nature of loans made to firms/companies in which directors of the Company are interested	NIL	–	–	–
b) Investments by the Company				
(i) In subsidiary companies	TVS Motor Company Limited, Chennai (27,26,82,786 equity shares of 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

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

12 Related party disclosures

LIST OF RELATED PARTIES

- | | |
|-------------------------|---|
| a) Reporting entity | Sundaram-Clayton Limited, Chennai (SCL) |
| b) Holding Company | T V Sundram Iyengar & Sons Private Limited, Madurai |
| c) Subsidiary companies | <ul style="list-style-type: none">(i) TVS Motor Company Limited, Chennai (TVSM)(ii) Sundaram Auto Components Limited, Chennai - Subsidiary of TVSM(iii) Sundaram Business Development Consulting (Shanghai) Co. Ltd, China- Subsidiary of TVSM(iv) Sundaram-Clayton (USA) Limited, Illinois, USA(v) TVS Housing Limited, Chennai - Subsidiary of TVSM(vi) TVS Motor (Singapore) Pte. Limited, Singapore (TVSM Singapore) - Subsidiary of TVSM(vii) PT TVS Motor Company Indonesia, Jakarta - Subsidiary of TVSM Singapore(viii) TVS Motor Company (Europe) B.V. Amsterdam (TVSM Europe) - Subsidiary of TVSM |
| d) Fellow Subsidiaries | <ul style="list-style-type: none">(I) Indian Companies<ul style="list-style-type: none">(i) Lucas Indian Service Limited, Chennai(ii) Lucas-TVS Limited, Chennai(iii) NK Telecom Products Limited, Madurai(iv) NK Telesystems Limited, Madurai(v) NSM Holdings Limited, Madurai(vi) Rajgarhia Automobile Solution Limited, Kolkata(vii) Southern Roadways Limited, Madurai(viii) Sundaram Industries Private Limited, Madurai(ix) Sundaram Textiles Limited, Madurai(x) The Associated Auto Parts Limited, Mumbai(xi) TVS Automobile Solutions Limited, Madurai(xii) TVS Automotive Systems Limited, Chennai(xiii) TVS Interconnect Systems Limited, Madurai(xiv) Prime Property Holdings Limited, Chennai(xv) Sundaram Investment Limited, Chennai(xvi) Sundaram Engineering Products Services Limited, Chennai(xvii) TVS Capital Funds Limited, Chennai
(Previously known as TVS Investments Limited) |

Sundaram-Clayton Limited

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

- | | |
|--|---|
| d) Fellow Subsidiaries (<i>continued</i>) | (xviii) TVS Electronics Limited, Chennai
(xix) TVS-E Access (India) Limited, Chennai
(xx) Pusam Rubber Products Limited, Madurai
(xxi) Uthiram Rubber Products Limited, Madurai
(xxii) Essex Automobile Solutions Limited, Gujarat
(xxiii) TVS Insurance Broking Limited, Chennai
(Previously known as Navratna Insurance Broking Limited, Coimbatore)
(xxiv) Focuz Automobile Services Limited, Kerala
(xxv) GS Automotive Service Equipments (Chennai) Limited, Madurai
(xxvi) TVS All Car Services Private Limited (Previously known as
SANRAV Automobile Solutions (Chennai) Private Limited), Madurai
(xxvii) NCR Autocars Limited, New Delhi
(xxviii) SNS Warranty Solutions Limited, Madurai
(xxix) Gallant E-Access Private Limited, New Delhi

(II) Overseas Company
Sundaram Lanka Tyres Limited, Sri Lanka |
| e) Associate companies | (i) Sundram Non-Conventional Energy Systems Limited, Chennai
(ii) TVS Training and Services Limited, Chennai
(iii) Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited) |
| f) Key Management Personnel (KMP) | (i) Mr Venu Srinivasan, Chairman and Managing Director
(ii) Dr Lakshmi Venu, Joint Managing Director
(iii) Mr Sudarshan Venu, Joint Managing Director
(iv) Mr C N Prasad, Group President & Chief Executive Officer
(v) Mr V N Venkatanathan, Chief Financial Officer
(vi) Mr R Raja Prakash, Company Secretary |
| g) Relatives of KMP | Mrs Mallika Srinivasan |
| 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)

13 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 Private Limited, Madurai	0.06	–	–	–	–	–	–	0.06
		Harita-NTI Limited, Chennai	–	–	–	–	3.13	–	–	3.13
			0.06	–	–	–	3.13	–	–	3.19
			(0.03)	–	–	–	(3.16)	–	–	(3.19)
2	Sale of goods (including sub contract charges)	TVS Motor Company Limited, Chennai	–	291.24	–	–	–	–	–	291.24
			–	291.24	–	–	–	–	–	291.24
			–	(201.74)	–	–	–	–	–	(201.74)
3	Purchase of power	Sundram Non Conventional Energy Systems Limited, Chennai	–	–	–	0.69	–	–	–	0.69
			–	–	–	0.69	–	–	–	0.69
			–	(5.53)	–	(0.79)	–	–	–	(6.32)
4	Rendering of services	TVS Motor Company Limited, Chennai	–	21.38	–	–	–	–	–	21.38
		Sundaram Auto Components Limited, Chennai	–	2.75	–	–	–	–	–	2.75
		TVS Electronics Limited, Chennai	–	–	0.07	–	–	–	–	0.07
		Sundaram Investment Limited, Chennai	–	–	0.05	–	–	–	–	0.05
		Harita-NTI Limited, Chennai	–	–	–	–	0.19	–	–	0.19
			–	24.13	0.12	–	0.19	–	–	24.44
	–	(22.00)	(0.12)	(0.10)	–	–	–	(22.22)		
5	Receiving of services	Sundaram Auto Components Limited, Chennai	–	1.61	–	–	–	–	–	1.61
		Sundaram-Clayton (USA) Limited, Illinois, USA	–	0.04	–	–	–	–	–	0.04
		T V Sundram Iyengar & Sons Private Limited, Madurai	0.19	–	–	–	–	–	–	0.19
		TVS Training and Services Limited, Chennai	–	–	–	0.31	–	–	–	0.31
		TVS Motor Company Limited, Chennai	–	0.99	–	–	–	–	–	0.99
		TVS Electronics Limited, Chennai	–	–	1.00	–	–	–	–	1.00
			0.19	2.64	1.00	0.31	–	–	–	4.15
			(0.08)	(0.68)	(0.89)	(0.05)	–	–	–	(1.70)
6	Lease rent	Sundram Non Conventional Energy Systems Limited, Chennai (Rs.48,000)/-	–	–	–	–	–	–	–	–
7	Remuneration paid		–	–	–	–	–	8.58	–	8.58
			–	–	–	–	–	(1.88)	–	(1.88)

Sundaram-Clayton Limited

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

13 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
8	Dividend received	Sundram Non–Conventional Energy Systems Limited, Chennai	–	–	–	0.35	–	–	–	0.35
		TVS Capital Funds Limited, Chennai	–	–	0.01	–	–	–	–	0.01
		TVS Motor Company Limited, Chennai	–	40.90	–	–	–	–	–	40.90
			–	40.90	0.01	0.35	–	–	–	41.26
			–	(34.09)	–	(0.60)	–	–	–	(34.69)
9.	Outstanding as on 31 st March 2015 Receivables	TVS Motor Company Limited, Chennai	–	17.51	–	–	–	–	–	17.51
		Sundaram–Clayton (USA) Limited, Illinois, USA	–	0.09	–	–	–	–	–	0.09
		Sundaram Investment Limited, Chennai	–	–	0.02	–	–	–	–	0.02
			–	17.60	0.02	–	–	–	–	17.62
			–	(20.03)	(0.03)	–	(0.01)	–	–	(20.07)
10	Payables	TVS Electronics Limited , Chennai	–	–	0.07	–	–	–	–	0.07
		T V Sundram Iyengar & Sons Private Limited, Madurai (Rs.48446.42)	–	–	–	–	–	–	–	–
		TVS Training and Services Limited, Chennai	–	–	0.03	–	–	–	–	0.03
		Sundaram Auto Components Limited, Chennai	–	0.26	–	–	–	–	–	0.26
		Sundram Non-Conventional Energy Systems Limited, Chennai	–	–	–	0.01	–	–	–	0.01
		Harita-NTI Limited, Chennai	–	–	–	–	0.25	–	–	0.25
			–	0.26	0.10	0.01	0.25	–	–	0.62
	–	–	(0.07)	(0.02)	(0.30)	–	–	(0.39)		

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 31.03.2015	Year ended 31.03.2014
14		
I. RAW MATERIALS CONSUMED		
1. a) Basic raw materials		
Aluminium alloys and ingots	637.50	573.02
b) Intermediates and components (which individually do not account for 10% or more of the total value of consumption)	28.92	23.08
	666.42	596.10
	% of total consumption	% of total consumption
2. Consumption of raw materials and components		
a) Imported	80	74
b) Indigenous	20	26
	100	100
	666.42	596.10
II. CONSUMPTION OF MACHINERY SPARES		
a) Imported	14	6
b) Indigenous	86	94
	100	100
	14.37	13.09
III. IMPORTS (CIF value)		
a) Raw materials	538.51	452.99
b) Spares, stores and components	22.42	15.29
c) Capital goods	20.62	6.67
IV. EXPENDITURE IN FOREIGN CURRENCY		
a) Travel	1.08	0.73
b) Consultancy	2.52	2.29
c) Legal and trade marks	1.87	3.50
d) Subscriptions	0.16	0.20
e) Computer software	0.15	0.10
f) Rework charges	0.75	1.66
g) Interest on foreign currency loan	1.50	1.78
h) Warehousing fees	10.71	14.33
i) Salaries	1.67	2.10
j) Insurance	0.19	0.21
k) Rent	0.14	0.11
l) Training	1.11	-
m) Agent commission	0.97	0.85
n) Others	0.76	0.58

Sundaram-Clayton Limited

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

	Year ended 31.03.2015	(Rupees in crores) Year ended 31.03.2014
V. EARNINGS IN FOREIGN EXCHANGE		
a) Exports (on FOB basis)	524.43	516.95
b) Freight & Warehouse fee recovery	38.60	52.82
c) Insurance recovery	0.10	0.11

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

	VENU SRINIVASAN <i>Chairman & Managing Director</i>	Dr LAKSHMI VENU <i>Joint Managing Director</i>	As per our report annexed For SUNDARAM & SRINIVASAN <i>Chartered Accountants</i> Firm Regn. No. 004207S
Chennai 8 th May 2015	V N VENKATANATHAN <i>Chief Financial Officer</i>	R RAJA PRAKASH <i>Company Secretary</i>	M BALASUBRAMANIAM <i>Partner</i> Membership No. F7945

Sundaram-Clayton Limited

Cash Flow Statement for the year ended 31st March 2015

	(Rupees in crores)	
	Year ended 31.03.2015	Year ended 31.03.2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	84.41	60.79
Adjustments for:		
Depreciation and amortisation for the year	59.82	53.21
Other Non Cash Items		
Exceptional Income	(3.06)	(5.83)
Loss on sale/scraping of fixed assets	0.55	0.29
Profit on sale of fixed assets	(0.38)	(0.02)
Dividend income	(41.81)	(35.17)
Interest income	(0.72)	(0.59)
Interest expense	28.51	29.19
	42.91	41.08
Operating profit before working capital changes	127.32	101.87
Adjustments for:		
Trade Receivables	2.20	(21.38)
Inventories	(10.39)	11.10
Other current assets	0.80	0.93
Short-term loans and advances	(12.19)	(15.06)
Trade Payables	(10.64)	30.87
Other current liabilities (excluding current maturities of debt)	(4.44)	(7.07)
Short-Term Provisions	(3.20)	1.86
	(37.86)	1.25
Cash generated from operations	89.46	103.12
Direct taxes paid	(3.99)	(12.19)
Net cash from operating activities (A)	85.47	90.93
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to fixed assets (including Capital work in progress)	(77.53)	(48.13)
Deletion of fixed assets (net of depreciation)	1.21	0.82
Profit on sale of fixed assets	0.38	0.02
Loss on sale/scrap of fixed assets	(0.55)	(0.29)
Long-term loans and advances	(4.79)	(0.89)
Purchase of investments	(5.36)	-
Sale of investments	-	0.26
Profit on sale of land - exceptional item	3.06	5.83
Interest received	0.72	0.59
Dividend received	41.81	35.17
Net Cash from/(used in) investing activities (B)	(41.05)	(6.62)

Sundaram-Clayton Limited

Cash Flow Statement for the year ended 31st March 2015 (continued)

	Year ended 31.03.2015	Year ended 31.03.2014
		(Rupees in crores)
C CASH FLOW FROM FINANCING ACTIVITIES		
Issue of equity shares	–	0.64
Share premium received on above issue	–	36.42
Borrowings:		
Term loans availed/(repaid)	2.26	(1.82)
Unsecured loan availed/ (repaid)	1.60	31.78
Long term provisions	1.69	1.67
Interest paid	(28.51)	(29.19)
Dividend and dividend tax paid	(39.45)	(35.48)
Net cash from financing activities	(C)	4.02
	<u>(62.41)</u>	<u>4.02</u>
D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(A+B+C)	88.33
	(17.99)	88.33
Cash and cash equivalents at the beginning of the year		
Cash and Bank balances	5.42	2.14
Cash credit balance	(126.04)	(211.09)
	<u>(120.62)</u>	<u>(208.95)</u>
Cash and cash equivalents at the end of the year		
Cash and Bank balances	2.10	5.42
Cash credit balance	(140.71)	(126.04)
	<u>(138.61)</u>	<u>(120.62)</u>

Notes:

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

	venu srinivasan <i>Chairman & Managing Director</i>	Dr LAKSHMI VENU <i>Joint Managing Director</i>	As per our report annexed For SUNDARAM & SRINIVASAN <i>Chartered Accountants</i> Firm Regn. No. 004207S
Chennai 8 th May 2015	V N VENKATANATHAN <i>Chief Financial Officer</i>	R RAJA PRAKASH <i>Company Secretary</i>	M BALASUBRAMANIAM <i>Partner</i> Membership No. F7945

Consolidated Financial Statements
of
Sundaram-Clayton Limited

Consolidated Financial Statements of Sundaram-Clayton Limited

Independent Auditor's report on consolidated financial statements of Sundaram-Clayton Limited, Chennai for the year ended 31st March 2015

To the Members of
Sundaram-Clayton Limited,
Chennai - 600006.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Sundaram-Clayton Limited, Chennai - 600006 (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates, comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial

statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates entities as at 31st March, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes:

Note XXII - (1) (f) Accounting for depreciation of Independent Auditors' Report To The Members of Sundaram-Clayton Limited and Note XXVI (1)(f) Accounting for depreciation of Independent Auditors' Report to The Members of Sundaram Auto Components Limited:-

The Companies Act, 2013, stipulates systematic allocation of the depreciable amount of an asset over its useful life. The Act also prescribes that a maximum of 5% of the cost can be retained as residual value and the balance 95% to be amortised over the useful life of the asset.

However, the Holding Company and one of its subsidiaries (Sundaram Auto Components Limited, Chennai) have chosen to reduce the residual value from the depreciation to be provided for in the terminal year, thereby claiming higher depreciation in the earlier years.

Our opinion is not modified in respect of this matter.

Other Matters

(a) We did not audit the financial statements of six numbers of subsidiaries whose financial statements reflect total assets of Rs.5,161.67 crores as at 31st March, 2015, total revenues of Rs.10,263.32 crores and net cash outflow amounting to Rs.71.22 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 4.53 crores for the year ended 31st March, 2015, as considered in the consolidated financial statements, in respect of two numbers of associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the

Consolidated Financial Statements of Sundaram-Clayton Limited

aforesaid subsidiaries and associates, is based solely on the reports of the other auditors.

- (b) We did not audit the financial statements of one overseas subsidiary viz. TVS Motor Company (Europe) BV, Amsterdam as at 31st March 2015 whose financial statements reflect total assets of Rs. 3.65 crores and total revenues of Rs. 0.05 crores and net cash outflows amounting to Rs. 1.26 crores for the year ended on that date, as considered in the financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies and associate companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement

dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates - Refer Note XXV (4) to the consolidated financial statements.
 - ii. The Group and its associate entities did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and associate companies incorporated in India, wherever such amounts were required to be transferred.

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

M. BALASUBRAMANIAM
Partner
Membership No. F7945

Place : Chennai
Date : 8th May 2015

Consolidated Financial Statements of Sundaram-Clayton Limited

Annexure referred to in our report of even date on the consolidated financial statements for the year ended March 31, 2015

- (i) (a) The Holding Company, its subsidiary and associate companies incorporated in India (hereinafter referred to as 'Indian Companies') have maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management of Indian Companies in accordance with a regular programme at reasonable intervals during the year. In our opinion the interval is reasonable having regard to the size of the companies and nature of its assets. No material discrepancies were noticed on such verification.
- (ii) (a) The inventory has been physically verified at reasonable intervals during the year by the management of Indian Companies. In our opinion, the frequency of such verification is adequate.
- In case of the holding company, the physical verification plan with regard to overseas inventory are planned to cover all the warehouses once in a cycle of three years. In the circumstances obtaining, the frequency is considered adequate.
- (b) The procedures for physical verification of inventory followed by the management of Indian Companies were reasonable and adequate in relation to the size of the Indian Companies and the nature of their business.
- (c) The Indian Companies have maintained proper records of inventory. The discrepancies noticed between the physical stocks and the book stocks were not material and have been properly dealt with in their respective books of account.
- (iii) During the year, none of the Indian companies, other than those stated below have granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- The following subsidiaries have granted unsecured loans to companies covered in the register maintained under Section 189 of the Companies Act, 2013.
- (a) Sundaram Auto Components Limited, Chennai
- (b) TVS Motor Company Limited, Chennai
- The recovery of principal and interest thereon, are reported by the respective statutory auditors as regular.
- (iv) The Indian Companies have adequate internal control procedures commensurate with the size of the Companies and the nature of their businesses, with regard to purchase of inventory, fixed assets and for the sale of goods except that in regard to a subsidiary company viz., TVS Motor Company Limited, Chennai (as reported by its statutory auditors) "having regard to the explanation that some of the items are of special nature and suitable alternative sources are not available for obtaining comparable quotations, there are adequate internal control procedures".
- No continuing failure to correct major weakness in the internal control system has been noticed during the course of audit of the Indian Companies.
- (v) The Indian Companies have not accepted deposits within the meaning of Sections 73 to 76 of the Companies Act, 2013, during the year.
- (vi) The requirement for maintenance of cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014 specified by the Central

Government of India under Section 148 of the Companies Act, 2013 are not applicable for the year under audit to the Holding Company, a subsidiary and two associate companies.

In respect of two subsidiary companies viz., Sundaram Auto Components Limited, Chennai and TVS Housing Limited, Chennai and an associate viz., Emerald Haven Realty Limited, Chennai the requirement for maintenance of cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014 specified by the Central Government of India under Section 148 of the Companies Act, 2013 are applicable. The statutory auditors of the said companies have reviewed the book of accounts maintained pursuant to the rules made by the Central Government under Section 148(1) of the Companies Act, 2013 for maintenance of cost records and have reported that prima-facie, the prescribed accounts and records have been made and maintained. The statutory auditors of the said companies have reported that they have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (vii) (a) According to the information and explanations given to the statutory auditors of the Indian Companies, the companies are generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues with the appropriate authorities, wherever such statutes are applicable to Indian Companies.
- Marginal delays in remitting sums in respect of Income Tax deducted at source, Service Tax and Provident Fund were reported by statutory auditor in case of associate viz., Sundram Non-Conventional Energy Systems Limited, Chennai.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess were in arrears, as at 31st March 2015 for a period of more than six months from the date they became payable.
- (c) According to information and explanations furnished to us, the following are the details of the disputed dues that were not deposited with the concerned authorities collectively by the Indian Companies:

Name of the statute	Nature of dues	Amount (Rs. in crore)	Forum where the dispute is pending
Central Excise Act, 1944	CENVAT / Excise Duty	10.11	Honourable Supreme Court
		0.14	Honourable High Courts
		43.06	Central Excise and Service Tax Appellate Tribunal
		0.02	Commissioner (Appeals)
		2.91	Assistant / Deputy / Additional/ Commissioner of Central Excise
Customs Act, 1962	Customs Duty	1.87	The Honourable High Court of Judicature at Madras
		0.09	Assistant/Deputy/ Commissioner of Central Excise, Hosur and Mysore

Consolidated Financial Statements of Sundaram-Clayton Limited

Name of the statute	Nature of dues	Amount (Rs. in crore)	Forum where the dispute is pending
Finance Act, 1994	Service Tax	3.73	Central Excise and Service Tax Appellate Tribunal
		4.27	Commissioner (Appeals)
		5.57	Assistant / Deputy / Joint / Additional / Commissioner of Central Excise
Tamilnadu Town and Country Planning Act, 1971	Fee payable to to CMDA / Municipal Authorities	0.84	The Honourable High Court of Judicature at Madras
Sales Tax / VAT Laws	Sales Tax	0.05	The Honourable High Court of Orissa
		0.37	Tribunals
		1.74	Department Authorities
Income Tax Act, 1961	Income Tax and Interest thereon	0.50	The Honourable High Court of Judicature at Madras
		0.01	Income Tax Appellate Tribunal, Chennai
		96.19	Commissioner of Income Tax (Appeals)
		0.41	In reassessment proceedings before assessing officer

- (d) During the year, the Holding Company and one of its subsidiary viz. TVS Motor Company Limited, Chennai, have transferred the amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time. This clause is not applicable to other Indian subsidiaries and associates during the year as indicated in the report of the respective statutory auditors.
- (viii) None of the Indian Companies have accumulated losses as at the end of the financial year nor have incurred cash losses during the financial year

- and in the immediately preceding financial year other than an associate company viz., TVS Training and Services Limited, Chennai which has accumulated losses less than 50% of its networth and has incurred cash loss in the financial year and in the immediately preceding financial year.
- (ix) The holding company, two of its subsidiary companies viz., TVS Motor Company Limited, Chennai and Sundaram Auto Components Limited, Chennai and an associate company viz., Emerald Haven Realty Limited, Chennai have not defaulted in repayment of dues to banks / financial institutions, wherever applicable. One other subsidiary viz., TVS Housing Limited, Chennai and two other associate companies viz., Sundram Non-Conventional Energy Systems Limited, Chennai and TVS Training and Services Limited, Chennai covered by this report have not borrowed from banks / financial institution.
- The Indian companies have not issued debentures during the year.
- (x) The Holding Company and one of its subsidiaries viz. TVS Motor Company Limited, Chennai have furnished guarantee for loans availed by others from banks or financial institutions and the terms and conditions of guarantees are not prejudicial to the interest of the Companies. Other Indian subsidiaries and three associate companies covered by this report. have not furnished guarantee for loans availed by others from banks or financial institutions.
- (xi) The term loans availed by one subsidiary company viz., TVS Motor Company Limited, Chennai and one associate company viz., Emerald Haven Realty Limited, Chennai have been applied for the purpose for which they were obtained by the respective companies.
- No term loan has been availed by the holding company, by two subsidiary companies viz., Sundaram Auto Components Limited, Chennai and TVS Housing Limited, Chennai and two associate companies viz., Sundram Non-Conventional Energy Systems Limited, Chennai and TVS Training and Services Limited, Chennai during the year.
- (xii) Based on the audit procedures adopted and information and explanations furnished by the Indian Companies to their respective statutory auditors and reported by the respective statutory auditors, no fraud on or by the Indian Companies have been noticed or reported.

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

M. BALASUBRAMANIAM
Partner
Membership No. F7945

Place : Chennai
Date : 8th May 2015

Consolidated Financial Statements of Sundaram-Clayton Limited

Consolidated Balance Sheet as at 31st March 2015

		(Rupees in crores)	
	Note number	As at 31.03.2015	As at 31.03.2014
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	I	10.12	10.12
(b) Reserves and surplus	II	1,278.45	1,110.61
2 Share application money pending allotment		–	–
3 Minority Interest		438.56	396.70
4 Non-current liabilities			
(a) Long-term borrowings	III	666.87	614.06
(b) Deferred tax liabilities (Net)	IV	182.49	151.83
(c) Other Long term liabilities	V	24.83	24.83
(d) Long-term provisions	VI	70.36	78.03
5 Current liabilities			
(a) Short-term borrowings	VII	685.09	311.24
(b) Trade payables		1,404.28	1,152.10
(c) Other current liabilities	VIII	684.99	640.32
(d) Short-term provisions	IX	78.98	65.36
Total		5,525.02	4,555.20
II. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	X	2,001.67	1,885.80
(ii) Intangible assets	X	35.40	20.26
(iii) Capital work-in-progress	X	102.25	56.76
(b) Goodwill on consolidation		3.28	3.28
(c) Non-current investments	XI	601.32	499.28
(d) Long-term loans and advances	XII	121.79	66.07
(e) Other non-current assets	XIII	4.28	–
2 Current assets			
(a) Inventories	XIV	1,216.67	855.21
(b) Trade receivables	XV	576.85	514.74
(c) Cash and cash equivalents	XVI	30.00	104.01
(d) Short-term loans and advances	XVII	756.23	462.29
(e) Other current assets	XVIII	75.28	87.50
Total		5,525.02	4,555.20
Accounting Standards, additional disclosures and notes on accounts	XXV		

VENU SRINIVASAN
Chairman & Managing Director

Dr LAKSHMI VENU
Joint Managing Director

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

Chennai
8th May 2015

V N VENKATANATHAN
Chief Financial Officer

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 31st March 2015

		(Rupees in crores)	
	Note number	Year ended 31.03.2015	Year ended 31.03.2014
I	Revenue from operations	12,177.76	10,159.43
	Less: Excise duty and service tax	<u>838.05</u>	<u>815.67</u>
		11,339.71	9,343.76
II	Other income	37.52	27.87
III	Total Revenue (I + II)	<u>11,377.23</u>	<u>9,371.63</u>
IV	Expenses:		
	Cost of materials consumed	7,610.99	5,877.26
	Purchases of Stock-in-Trade	226.90	400.35
	Changes in inventories of finished goods, work-in-process and Stock-in-Trade	(114.65)	29.56
	Employee benefits expense	842.09	696.22
	Finance costs	98.99	115.33
	Depreciation and amortization expense	238.41	213.86
	Other expenses	2,057.69	1,759.37
	Total expenses	<u>10,960.42</u>	<u>9,091.95</u>
V	Profit before exceptional and extraordinary items and tax (III-IV)	416.81	279.68
VI	Exceptional items - Profit on sale of long term investments	-	30.28
	Profit on sale of Land and building	61.33	5.83
VII	Profit before extraordinary items and tax (V + VI)	478.14	315.79
VIII	Extraordinary items - Insurance recovery	-	4.58
IX	Profit before tax (VII + VIII)	478.14	320.37
X	Tax expense:		
	(1) Current tax	106.53	73.88
	(2) Deferred tax	30.71	53.10
XI	Profit for the period from continuing operations (IX - X)	340.90	193.39
XII	Share of Profit of associates	4.29	0.59
XIII	Profit for the period (XI + XII)	<u>345.19</u>	<u>193.98</u>
XIV	Relating to parent company	212.12	141.23
XV	Relating to minority shareholders	133.07	52.75
XVI	Earnings per equity share including extraordinary items		
	(1) Basic (in Rs.)	104.84	71.03
	(2) Diluted (in Rs.)	104.84	71.03
XVII	Earnings per equity share excluding extraordinary items		
	(1) Basic (in Rs.)	104.84	69.71
	(2) Diluted (in Rs.)	104.84	69.71
	Accounting Standards, additional disclosures and notes on accounts	XXV	

VENU SRINIVASAN
Chairman & Managing Director

Dr LAKSHMI VENU
Joint Managing Director

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

Chennai
8th May 2015

V N VENKATANATHAN
Chief Financial Officer

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 31.03.2015		As at 31.03.2014	
	Number	Rupees in crores	Number	Rupees in crores
I. SHARE CAPITAL				
a) Details of authorised, issued and subscribed share capital				
Authorised Capital				
Equity Shares of Rs.5/- each	5,00,00,000	25.00	5,00,00,000	25.00
Issued, Subscribed & Paid up Capital				
Equity Shares of Rs.5/- each fully paid	2,02,32,085	10.12	2,02,32,085	10.12
(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year				
Shares outstanding at the beginning of the year	2,02,32,085	10.12	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	2,02,32,085	10.12

(c) i) Rights and preferences attached to equity share:

Every shareholder is entitled to such rights as to attend the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the Company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

ii) There are no restrictions attached to equity shares.

(d) Details of shares held by holding/ultimate holding/subsidiaries/associates of holding company at the end of the year

Name of Shareholder	Relationship	Class of Shares	As at 31.03.2015		As at 31.03.2014	
			No. of shares held	% of holding	No. of shares held	% of holding
T V Sundram Iyengar & Sons Private Limited - Madurai	Holding company	Equity	38,07,330	18.82	38,07,330	18.82
Sundaram Industries Private Limited - Madurai	Fellow Subsidiary	Equity	60,62,522	29.96	60,62,522	29.96
Southern Roadways Limited - Madurai	Fellow Subsidiary	Equity	30,31,127	14.98	30,31,127	14.98

(e) Details of shareholders holding more than five percent at the end of 31st March 2015 (other than I(d) above)

Name of Shareholder	Class of Shares	As at 31.03.2015		As at 31.03.2014	
		No. of shares held	% of holding	No. of shares held	% of holding
Sundaram Finance Limited - Chennai	Equity	22,73,081	11.24	22,73,081	11.24

Consolidated Financial Statements of Sundaram-Clayton Limited

Consolidated notes on financial statements – (continued)

	(Rupees in crores)	
	As at 31.03.2015	As at 31.03.2014
II. RESERVES AND SURPLUS		
a. Capital Reserves		
Opening Balance	99.23	99.23
Add: Government grant	–	–
	99.23	99.23
Less: Transferred to General Reserve	–	–
Closing Balance	99.23	99.23
b. Securities Premium		
Opening Balance	36.42	–
Add: On shares issued during the year	–	36.42
Closing Balance	36.42	36.42
c. General reserve		
Opening Balance	657.08	636.08
Add: Transfer from the statement of Profit and Loss (after minority interest)	7.12	21.00
Less: Additional depreciation consequent to adoption of revised useful life of depreciable assets as per Schedule II of the Companies Act, 2013	8.66	–
	(1.54)	21.00
	655.54	657.08
Less: Capitalised by issue of Bonus shares	–	–
Closing Balance	655.54	657.08
d. Foreign Currency Translation Reserve		
Opening balance	13.01	(0.91)
Add: Additions during the year	28.15	13.92
Closing Balance	41.16	13.01
e. Hedging reserve		
Opening balance	3.65	0.02
Add: Additions during the year	–	3.80
Less: Utilised during the year	2.03	0.17
Closing Balance	1.62	3.65
f. Revaluation reserve		
Opening Balance	83.25	–
Add : Revaluation of land of one of the subsidiary	–	83.25
Less: Utilisation	29.73	–
Closing Balance	53.52	83.25
g. Surplus i.e. balance in Statement of Profit and Loss		
Opening balance	152.98	89.65
Add: Net Profit for the current year	345.19	193.98
	498.17	283.63
Less: Allocations / Appropriations		
Interim Dividend Paid	41.48	38.95
Interim Dividend payable	12.14	13.15
Dividend tax	18.63	11.72
Tax relating to earlier years	–	22.12
Transfer on sale of subsidiary/ Associate	–	12.11
Transfer to general reserve	7.12	32.60
Transfer to minority interest	27.84	(64.99)
	107.21	65.66
Closing Balance	390.96	217.97
Total (a+b+c+d+e+f+g)	1,278.45	1,110.61

Consolidated Financial Statements of Sundaram-Clayton Limited

Consolidated notes on financial statements – (continued)

		(Rupees in crores)	
		As at 31.03.2015	As at 31.03.2014
III. LONG-TERM BORROWINGS			
(a) Secured			
Term loans			
From banks		217.62	165.85
From other than banks		157.08	210.98
(b) Unsecured			
Sales Tax Deferral loan		226.70	233.03
From other than banks		65.47	4.20
Total		666.87	614.06

Details of repayment terms of Long term loans

(Rupees in crores)

Total of loans repayable	Loans repayable in 2014-15 (Current maturity)	Balance long term loans as at 31-03-2014	Description	Frequency	No. of instalments due	Maturity	Total of loans repayable	Loans repayable in 2015-16 (Current maturity)	Balance long term loans as at 31-03-2015
Secured:									
28.57	14.29	14.28	Term Loan I	Quarterly	4	February 2016	14.28	14.28	-
25.00	12.50	12.50	Term Loan II	Half Yearly	2	March 2016	12.50	12.50	-
70.00	5.84	64.16	Term Loan III	Quarterly	11	December 2017	64.17	23.36	40.81
102.15	45.40	56.75	Term Loan IV	Quarterly	5	April 2016	56.75	45.40	11.35
25.00	8.00	17.00	Term Loan V	Quarterly	8	March 2017	17.00	8.00	9.00
-	-	-	Foreign Correny Non-resident Borrowings (FCNR(B)) Loan	Bullet payment	NIL	July 2016 & Aug 2016	62.50	-	62.50
-	-	-	Foreign Correny Non-resident Borrowings (FCNR(B)) Loan	End of Tenure	1	July 2016	61.65	-	61.65
85.27	35.14	50.13	Financial Institution I	Half Yearly	6	March 2018	52.15	24.98	27.17
15.16	6.94	8.22	Financial Institution II	Monthly	23	February 2017	14.44	9.30	5.14
152.63	-	152.63	State owned corporation	Yearly	4	2022-27	157.08	-	157.08
31.29	30.13	1.16	Buyer's credit	Bullet payment	NIL	July 2014 to April 2015	1.21	1.21	-
Unsecured:									
50.63	6.33	44.30	Sales Tax Deferral Phase-1	Yearly	7	2020-21	44.30	6.33	37.97
188.73	-	188.73	Phase-2	Yearly	12	2027-28	188.73	-	188.73
-	-	-	Term Loan from NBFC	End of Tenure	1	August 2017	62.20	-	62.20
4.20	-	4.20	Soft loan from DSIR	Yearly			3.27	-	3.27
778.63	164.57	614.06	Total				812.23	145.36	666.87

Details of securities created

- (i) 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.
- (ii) FCNRB Loan from Banks - Charge on specific plant and equipment (document creating charge to be executed)
- (iii) Buyer's credit: Secured by 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.
- (vi) Term loans from financial institution and bank of a subsidiary include:
 - a) Loan from Financial institution of Rs. 52.15 Crores secured by collateral on property, plant and equipment of the subsidiary situated outside India.
 - b) A loan of Rs.5.14 Crores in USD obtained from a bank collateralized by the subsidiary's new tooling and equipment.

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
Term Loan II	INR	6.25 crores
Term Loan III	INR	5.84 crores
Term Loan IV	INR	11.35 crores
Term Loan V	INR	1.56 crores
Financial Institution I	USD	1.1 million
Financial Institution II	USD	23 unequated monthly instalments
Sales tax deferral Phase - 1	INR	6.33 crores
Sales tax deferral Phase - 2	INR	15.73 crores
State owned corporation	INR	10.00 crores, 67.23 crores, 75.40 crores and 4.45 crores

(Rupees in crores)

As at 31.03.2015

As at 31.03.2014

IV. DEFERRED TAX LIABILITIES (NET)

Deferred Tax Liability		
on Depreciation	219.18	206.62
on Amortisation of Dies and Moulds	12.52	10.26
	231.70	216.88
Less: Deferred Tax Assets		
on expenses will be allowed only on Payment Basis	49.21	65.05
	49.21	65.05
Total	182.49	151.83

V. OTHER LONG TERM LIABILITIES

Due to Others - Purchase consideration payable	24.83	24.83
Total	24.83	24.83

VI. LONG TERM PROVISIONS

(a) Employee benefits		
(i) Pension	53.89	63.47
(ii) Leave salary	14.52	12.61
(b) Others		
Sales Tax	1.95	1.95
Total	70.36	78.03

Consolidated Financial Statements of Sundaram-Clayton Limited

Consolidated notes on financial statements – (continued)

	(Rupees in crores)	
	As at 31.03.2015	As at 31.03.2014
VII. SHORT TERM BORROWINGS		
(a) Secured		
From banks- Repayable on demand	272.85	202.68
(b) Unsecured		
From banks	412.24	108.56
Total	685.09	311.24

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.

VIII. OTHER CURRENT LIABILITIES

(a) Current maturities of long-term debt		
Term loans	145.36	164.57
(b) Interest accrued but not due on borrowings	5.52	5.23
(c) Interest accrued and due on borrowings	0.20	0.28
(d) Unpaid dividends	3.20	2.74
(e) Others		
(i) Statutory Dues	29.46	29.68
(ii) Security deposits/ Trade deposits	42.63	54.03
(iii) Employee related	48.11	35.37
(iv) For expenses	300.81	264.13
(v) Advance received	101.12	84.29
(vi) Capital goods	8.58	-
Total	684.99	640.32

IX. SHORT-TERM PROVISIONS

(a) Employee benefit	27.83	21.28
(b) Warranty	27.01	24.14
(c) Interim dividend payable	12.14	13.15
(d) Dividend tax payable	11.50	6.05
(e) Provision for taxation	0.50	-
(f) Others- For expenses	-	0.74
Total	78.98	65.36

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		As at	
	Free hold	Lease hold						31/03/ 2015	31/03/ 2014	31/03/ 2015	31/03/ 2014	31/03/ 2015	31/03/ 2014
Cost of assets													
As at 01-04-2014	272.78	31.44	522.86	2,735.22	30.54	78.15	29.53	3,700.52	3,692.31	52.01	27.87	3,752.53	3,720.18
Additions	38.60	0.01	61.96	304.19	14.71	11.03	4.28	434.78	451.24	22.77	24.14	457.55	475.38
Foreign exchange translation reserve adjustments	0.06	-	(1.50)	6.02	(0.50)	-	(0.05)	4.03	7.95	-	-	4.03	7.95
Sub-total	311.44	31.45	583.32	3,045.43	44.75	89.18	33.76	4,139.33	4,151.50	74.78	52.01	4,214.11	4,203.51
Sales / Deletion / Amortisation	(66.74)	(0.57)	(6.96)	(19.79)	(0.80)	(2.39)	(0.58)	(97.83)	(450.98)	-	-	(97.83)	(450.98)
Total	244.70	30.88	576.36	3,025.64	43.95	86.79	33.18	4,041.50	3,700.52	74.78	52.01	4,116.28	3,752.53
Depreciation and amortisation													
Upto 31-03-2014	-	0.83	131.93	1,597.62	16.26	54.98	13.10	1,814.72	1,720.79	31.75	22.70	1,846.47	1,743.49
For the year	-	0.12	20.00	189.50	6.16	10.98	4.02	230.78	204.81	7.63	9.05	238.41	213.86
Charged to retained earnings i.e., reserves	-	-	3.08	4.91	0.08	0.41	0.23	8.71	-	-	-	8.71	-
Foreign exchange translation reserve adjustments	-	-	(1.51)	7.94	(0.46)	-	(0.02)	5.95	11.12	-	-	5.95	11.12
Sub-total	-	0.95	153.50	1,799.97	22.04	66.37	17.33	2,060.16	1,936.72	39.38	31.75	2,099.54	1,968.47
Withdrawn on assets sold / deleted	-	-	(0.49)	(16.78)	(0.27)	(2.24)	(0.55)	(20.33)	(122.00)	-	-	(20.33)	(122.00)
Total	-	0.95	153.01	1,783.19	21.77	64.13	16.78	2,039.83	1,814.72	39.38	31.75	2,079.21	1,846.47
Written down value													
As at 31-03-2015	244.70	29.93	423.35	1,242.45	22.18	22.66	16.40	2,001.67	-	35.40	-	2,037.07	-
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
CAPITAL WORK-IN-PROGRESS (AT COST)													
(a) Building												0.76	0.74
(b) Plant & equipment												101.49	56.02
Total												102.25	56.76

(Rupees in crores)

As at 31.03.2015 As at 31.03.2014

XI. NON CURRENT INVESTMENTS

A Trade Investments

(a) Investment in Equity instruments	61.23	57.21
(b) Investment in Preference shares	467.71	367.71
(c) Investments in Private equity instruments	11.55	9.68
Total (A)	<u>540.49</u>	<u>434.60</u>

B Other Investments

(a) Investment in Equity instruments	-	-
(b) Employees pension related investments	36.00	24.85
(c) Investment Property	24.83	24.83
(d) Investment in bonds	-	15.00
Total (B)	<u>60.83</u>	<u>64.68</u>
Total (A) + (B)	<u>601.32</u>	<u>499.28</u>

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 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
A	Trade Investments							
(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
(ii)	Unquoted							
	Green Infra BTV Limited, Chennai (formerly known as TVS Energy Limited)	Others	45,00,000	45,00,000	5.54%	5.54%	4.50	4.50
	Green Infra BTV Limited, Chennai (formerly known as TVS Energy Limited)	Others	32,50,000	32,50,000	4.00%	4.00%	3.25	3.25
	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	30.53%	43.96%	2.00	2.00
	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	7,746	-	-	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	48.80	48.80	40.00	40.00
	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	30,00,000	30,00,000	-	-	3.00	3.00
	Add/(Less): Share of associate profit						4.71	0.69
	Total (a)						61.23	57.21
(b)	Investment in Preference shares - Fully paid-up							
	Unquoted							
	TVS Motor Services Limited, Chennai - Non Cumulative Redeemable Preference Shares	Others	1,00,00,000	1,00,00,000	-	-	10.00	10.00
	TVS Motor Services Limited, Chennai	Others	44,60,10,000	34,60,10,000	-	-	446.01	346.01
	Pinnacle Engines Inc., USA (face value 0.01 cent)	Others	24,09,638	24,09,638	-	-	11.70	11.70
	Total (b)						467.71	367.71

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 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
(c)	Investment in Private equity instruments - Unquoted TVS Shriram Growth fund Scheme 1A of TVS Capital Funds Limited, Chennai TVS Shriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai	Others Others	85,516.22 30,000	85,516.22 11,250	- -	- -	8.55 3.00	8.55 1.13
	Total (c)						11.55	9.68
	Total A (a+b+c)						540.49	434.60
B	Other Investments							
(a)	Investment in Equity instruments - Partly paid-up - Unquoted Adyar Property Holding Company Limited, Chennai- Cost Rs. 6825	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 Life Insurance Corporation Pension Policy, Mumbai	Others Others Others Others Others	- - - - -	- - - - -	- - - - -	- - - - -	4.45 8.25 8.79 13.48 1.03	4.99 4.22 9.23 6.41 -
(c)	Investment Property						24.83	24.83
(d)	Investments in Bonds: Power Finance Corporation Limited, New Delhi (Face value of Rs.10 lakhs each)			150			-	15.00
	Total B (a+b+c+d)						60.83	64.68
	Total (A)+(B)						601.32	499.28

Summary of non-current investments (Rupees in crores)

Sl. No.	Particulars	As at 31.03.2015		As at 31.03.2014	
		Cost	Market value	Cost	Market value
(a)	Quoted investments	0.80	113.58	0.80	59.72
(b)	Unquoted investments	600.52	-	498.48	-
	Total	601.32	-	499.28	-

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 31.03.2015	As at 31.03.2014
XII. LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good		
(a) Capital advances	19.13	8.01
(b) Deposits made	40.21	35.57
(c) Advance payment of income tax (net of provisions)	62.45	22.49
Total	121.79	66.07
XIII. OTHER NON-CURRENT ASSETS		
(a) Taxes & Duties Recoverable (Advance Income Tax Net of Provisions)	0.25	–
(b) Deposits	4.03	–
Total	4.28	–
XIV. INVENTORIES (at weighted average cost or net realisable value whichever is less)		
(a) Raw Materials and components	363.83	250.38
(b) Goods-in transit- Raw Materials and components	97.41	44.54
(c) Work-in-process	71.24	59.88
(d) Finished goods	327.06	258.88
(e) Stock-in-trade	104.42	58.69
(f) Land held as Stock-in-trade	16.82	27.44
(g) Goods-in transit - Stock-in-trade	97.12	18.47
(h) Stores and spares	138.77	76.62
(i) Dies, moulds and tools	–	60.31
Total	1,216.67	855.21
Note: Work-in-process comprises of:		
(a) Semi finished castings pending for machining / under inspection	16.77	21.73
(b) Semi finished machined products	2.12	1.22
(c) Vehicle Pending Testing	1.04	0.52
(d) Semi-Finished Vehicles	47.67	32.26
(e) Plastic Components	0.56	1.11
(f) Moulds	3.08	3.04
	71.24	59.88
XV. TRADE RECEIVABLES		
(a) Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	4.83	45.05
(ii) Considered doubtful	8.15	7.42
	12.98	52.47
Less: Provision for doubtful debts	8.15	7.42
	4.83	45.05
(b) Other unsecured debts (considered good)	572.02	469.69
Total	576.85	514.74

Consolidated Financial Statements of Sundaram-Clayton Limited

Consolidated notes on financial statements – (continued)

	(Rupees in crores)	
	As at 31.03.2015	As at 31.03.2014
XVI. CASH AND CASH EQUIVALENTS		
(a) Balances with banks	25.66	96.89
(b) Cheques/drafts on hand	0.17	3.89
(c) Cash on hand	0.88	0.41
(d) Earmarked balances with banks (for unpaid dividend)	3.20	2.74
(e) Bank Deposits with more than 12 months maturity	0.09	0.08
Total	30.00	104.01
XVII. SHORT TERM LOANS AND ADVANCES		
Unsecured considered good:		
(a) Inter Corporate deposits made	3.00	7.31
(b) Others:		
(i) Employee related	12.65	11.93
(ii) Excise current account	335.82	155.13
(iii) Vendor advance	90.80	55.53
(iv) Prepaid Expenses	14.09	21.19
(v) Advance payment of Income-tax	75.03	71.04
(vi) Export benefit	0.47	1.44
(vii) VAT receivable	220.85	134.31
(viii) Other deposits	3.52	4.41
Total	756.23	462.29
XVIII. OTHER CURRENT ASSETS		
(a) Claims receivable	67.83	74.91
(b) Premium on forward contracts	1.19	0.28
(c) Interest accrued on investments and Loans & advances	0.02	1.46
(d) Hedge Instrument	3.79	7.35
(e) Others	2.45	3.50
Total	75.28	87.50

	(Rupees in crores)	
	Year ended 31.03.2015	Year ended 31.03.2014
XIX. REVENUE FROM OPERATIONS		
(a) Sale of products	11,944.15	10,009.78
(b) Sale of services	9.37	6.49
(c) Other operating revenues	224.24	143.16
Total	12,177.76	10,159.43

Consolidated Financial Statements of Sundaram-Clayton Limited

Consolidated notes on financial statements – (continued)

	(Rupees in crores)	
	Year ended 31.03.2015	Year ended 31.03.2014
XX OTHER INCOME		
(a) Interest income	19.89	21.24
(b) Dividend	0.92	0.90
(c) Net gain on sale of investments	0.22	2.67
(d) Profit on sale of fixed assets	0.38	0.02
(e) Other non-operating income	16.11	3.04
Total	37.52	27.87
XXI MATERIAL COST		
Cost of Materials consumed		
Opening stock of raw materials and components	250.38	240.57
Add: Purchases	7,724.44	5,887.07
	7,974.82	6,127.64
Less: Closing stock of raw materials and components	363.83	250.38
Cost of materials consumed	7,610.99	5,877.26
Purchases of traded goods	226.90	400.35
Changes in inventories of finished goods, work-in-process and stock-in-trade:		
Opening stock:		
Work-in-process	59.88	61.77
Stock-in-trade	58.69	26.62
Land held as Stock-in-trade	27.44	27.44
Finished goods	258.88	318.62
Total (A)	404.89	434.45
Closing stock:		
Work-in-process	71.24	59.88
Stock-in-trade	104.42	58.69
Land held as Stock-in-trade	16.82	27.44
Finished goods	327.06	258.88
Total (B)	519.54	404.89
Changes in inventories (A)-(B)	(114.65)	29.56
XXII EMPLOYEE BENEFITS EXPENSE		
(a) Salaries and wages	714.52	580.75
(b) Contribution to provident and other funds	38.71	46.72
(c) Welfare expenses	88.86	68.75
Total	842.09	696.22
XXIII FINANCE COSTS		
(a) Interest expense	74.69	76.95
(b) Other borrowing costs	0.33	32.42
(c) Others-Exchange fluctuation	23.97	5.96
Total	98.99	115.33

Consolidated Financial Statements of Sundaram-Clayton Limited

Consolidated notes on financial statements – (continued)

	(Rupees in crores)	
	Year ended 31.03.2015	Year ended 31.03.2014
XXIV OTHER EXPENSES		
(a) Consumption of stores, spares and tools	130.75	110.08
(b) Power and fuel	201.39	174.52
(c) Rent	40.60	40.03
(d) Repairs - buildings	30.06	28.70
(e) Repairs - plant and equipment	77.82	66.08
(f) Repairs - others	1.59	0.88
(g) Insurance	6.11	5.14
(h) Rates and taxes, excluding, taxes on income	10.42	10.70
(i) Audit fees	1.70	1.47
(j) Packing and freight charges	511.64	398.89
(k) Sales related expenses	321.25	14.92
(l) Loss on sale of fixed assets & impairment	0.65	0.77
(m) Marketing and advertisement	269.26	555.34
(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)	454.45	351.85
Total	2,057.69	1,759.37

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, 2013.

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
I) SUBSIDIARIES:				
TVS Motor Company Limited, Chennai	India	31-03-2015	57.40	–
Sundaram Auto Components Limited, Chennai	India	31-03-2015	–	57.40
TVS Motor (Singapore) Pte Ltd, Singapore	Singapore	31-03-2015	–	57.40
TVS Motor Company (Europe) B.V., Amsterdam	Netherlands	31-03-2015	–	57.40
PT TVS Motor Company Indonesia, Jakarta	Indonesia	31-03-2015	–	57.40
Sundaram-Clayton (USA) Limited, USA	USA	31-03-2015	100.00	–
Sundaram Business Development Consulting (Shanghai) Co. Limited, China (Reporting Date : 31-12-2014)	China	31-03-2015	–	57.40
TVS Housing Limited, Chennai	India	31-03-2015	–	57.40
II) ASSOCIATES:				
Sundram Non-Conventional Energy Systems Limited, Chennai	India	31-03-2015	23.53	–
TVS Training and Services Limited, Chennai	India	31-03-2015	30.53	–
Emerald Haven Realty Limited, Chennai	India	31-03-2015	–	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
31.03.2015	31.03.2014

2 Trade payables include

Amount due to Small Scale Industrial units	38.32	41.29
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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 31.03.2015	As at / Year ended 31.03.2014
3 Contingent liability not provided for		
(a) On counter guarantees given to bankers	63.99	54.82
(b) On letters of credit opened with bankers	212.03	225.10
(c) On partly paid shares (Rs.3,675/-)	-	-
(d) Estimated amount of contracts remaining to be executed on capital account	144.07	104.85
(e) On guarantees furnished on behalf of loans granted to employees (Current year Rs.13,268/-; Previous year Rs.26,127/-)	-	-
(f) On account of future export obligations (on account of import of capital goods under Export Promotion Capital Goods Scheme)	96.68	156.54
(g) On bills of exchange discounted	150.11	95.32
(h) Commitment for Capital contribution to TVS Shriram Growth Fund scheme of TVS Capital Funds	4.50	6.38
(i) Obligation arising out of agreements facilitating credit to a company	41.66	41.66
(j) On factoring arrangements	3.78	3.96
4 Liability contested and not provided for		
a) Excise duty	83.93	57.82
b) Income tax	26.90	18.88
c) Sales tax	4.03	3.88
d) Service tax	11.30	9.01
e) Customs	1.96	1.93
f) Others	4.34	4.19

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 (a). 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	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
External sales - domestic	619.36	527.85	7,713.80	6,404.72	-	27.92	11.40	-	8,344.56	6,960.49
- exports	563.13	570.15	2,432.02	1,813.12	-	-	-	-	2,995.15	2,383.27
Inter segment sales	579.07	386.69	1,788.92	45.63	-	13.04	-	-	2,367.99	445.36
Total sales	1,761.56	1,484.69	11,934.74	8,263.47	-	40.96	11.40	-	13,707.70	9,789.12
Less: Inter segment sales	579.07	386.69	1,788.92	45.63	-	13.04	-	-	2,367.99	445.36
Net Revenue	1,182.49	1,098.00	10,145.82	8,217.84	-	27.92	11.40	-	11,339.71	9,343.76
Segment results before interest and tax	117.06	75.99	398.09	285.18	-	33.81	0.65	0.03	515.80	395.01
Add: Inter segment revenue									4.29	0.59
Less: Interest									(98.99)	(115.33)
Add : Exceptional items									61.33	36.11
Add : Extraordinary income									-	4.58
Profit before tax									482.43	320.96
Taxes									137.24	126.98
Profit after tax									345.19	193.98
Segment Assets	1,342.01	1,152.31	4,333.70	3,013.29	-	-	17.32	29.11	5,693.02	4,194.71
Segment Liabilities	846.95	769.63	3,094.06	2,267.84	-	-	17.62	29.05	3,958.63	3,066.52
Total cost incurred during the year to acquire segment assets	88.88	65.14	368.67	410.24	-	-	-	-	457.55	475.38
Segment Depreciation	71.55	63.29	166.86	143.70	-	6.87	-	-	238.41	213.86
Non-cash expenses/(income) other than depreciation	-	0.28	-	-	-	-	-	-	-	0.28

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)

6 (b). Additional Information on net assets and share of profits as at 31st March 2015

Name of the entity	Net Assets (Total Assets - Total Liabilities)		Share in profit or (loss)	
	As % of consolidated net assets	Amount Rs. in crores	As % of consolidated profit or loss	Amount Rs. in crores
1	2	3	4	5
Parent				
Sundaram-Clayton Limited, Chennai	29.07%	374.61	33.55%	71.16
Subsidiaries - Indian				
TVS Motor Company Limited, Chennai	127.69%	1,645.36	163.98%	347.83
Sundaram Auto Components Limited, Chennai	8.63%	111.16	11.94%	25.32
TVS Housing Limited, Chennai	0.03%	0.34	0.13%	0.27
Subsidiaries - Foreign				
Sundaram-Clayton (USA) Limited, Illinois (Net assets - Rs.46,433/- ; Profit after tax - Rs.16,655/-)	-	-	-	-
TVS Motor (Singapore) Pte Limited, Singapore	15.15%	195.22	-0.35%	(0.74)
TVS Motor Company Europe B.V., Amsterdam	0.27%	3.51	-9.58%	(20.32)
PT. TVS Motor Company Indonesia, Jakarta	4.36%	56.20	-18.49%	(39.23)
Sundaram Business Development Consulting (Shanghai) Co. Ltd, Shanghai	0.01%	0.17	-0.36%	(0.77)
Sub-total		2,386.57		383.52
Less: Minority Interest in all subsidiaries	34.03%	438.56	62.73%	133.07
Sub-total		1,948.01		250.45
Add:				
Associates - Indian (Investment as per the equity method)				
Sundram Non-Conventional Energy Systems Limited, Chennai	0.06%	0.83	-0.04%	(0.08)
TVS Training and Services Limited, Chennai	0.09%	1.16	0.05%	0.10
Emerald Haven Realty Limited, Chennai	3.48%	44.84	2.01%	4.27
Sub-total	154.81%	1,994.84	120.09%	254.74
Less: Effect of intercompany eliminations	54.81%	706.27	20.09%	42.62
Total	100%	1,288.57	100%	212.12

Note

Net Assets and Share in Profit or Loss of Parent Company and its subsidiaries are as per the Standalone Financial Statements of the respective entities.

Consolidated Financial Statements of Sundaram-Clayton Limited

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

7 Related party disclosures

(a) List of Related Parties:

Associate companies	(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)
Key Management Personnel	(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 Joint Managing Director, Sundaram-Clayton Limited, Chennai.
	(iii)	Mr Sudarshan Venu Joint Managing Director, Sundaram-Clayton Limited, Chennai Joint Managing Director, TVS Motor Company Limited, Chennai.
	(iv)	Mr C N Prasad - Group President & CEO
	(v)	Mr V N Venkatanathan - Chief Financial Officer
	(vi)	Mr R Raja Prakash - Company Secretary

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 2014-15

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Amount
1	Purchase of power	Sundram Non-Conventional Energy Systems Limited, Chennai	0.69 (0.79)
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/-)	– (–)
4	Receiving of services	TVS Training and Services Limited, Chennai	0.31 (0.05)
5	Payables	Sundram Non-Conventional Energy Systems Limited, Chennai	0.01 (0.02)
		TVS Training and Services Limited, Chennai	0.03 (–)

Previous years figures are furnished in brackets

VENU SRINIVASAN
Chairman & Managing Director

Dr LAKSHMI VENU
Joint Managing Director

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

Chennai
8th May 2015

V N VENKATANATHAN
Chief Financial Officer

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 31st March 2015

	(Rupees in crores)	
	Year ended 31.03.2015	Year ended 31.03.2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	478.14	320.37
Add: Depreciation and amortisation for the year	238.41	213.86
Movement in reserves on account of consolidation	(52.40)	9.72
Loss on sale of fixed assets	0.65	0.77
Profit on sale of fixed assets	(0.38)	(0.02)
Profit on sale of investments	(0.22)	(2.67)
Other non-operating income	(16.11)	(3.04)
Exceptional (Income)/loss	(61.33)	(36.11)
Extraordinary (Income)/loss	–	(4.58)
Dividend income	(0.92)	(0.90)
Interest income	(19.89)	(21.24)
Interest expenditure	98.99	115.33
	186.80	271.12
Operating profit before working capital changes	664.94	591.49
Adjustments for:		
Trade Receivables	(62.11)	(64.03)
Inventories	(361.46)	(7.17)
Short-term loans and advances	(289.95)	(149.83)
Other current assets	12.22	52.76
Trade payables	252.18	190.35
Other current liabilities (excluding current maturities of long term loans)	63.88	111.50
Short-term provisions	8.68	8.29
	(376.56)	141.87
Cash generated from operations	288.38	733.36
Direct taxes paid	(150.23)	(165.90)
Net cash from operating activities (A)	138.15	567.46
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including capital work-in-progress)	(503.04)	(338.69)
Sale of fixed assets (net of depreciation)	77.50	328.98
Profit on sale of fixed assets	0.38	0.02
Loss on sale of fixed assets	(0.65)	(0.77)
Long-term loans and advances	(15.76)	8.28
Other non-current assets	(4.03)	3.65
Net Sale/(Purchase) of investments	(98.02)	(89.41)
Exceptional income/ (loss)	61.33	36.11
Extraordinary income/ (loss)	–	4.58
Profit on sale of investments	0.22	2.67
Interest received	19.89	21.24
Dividend received	0.92	0.90
Net Cash from/(used in) investing activities (B)	(461.26)	(22.44)

Consolidated Financial Statements of Sundaram-Clayton Limited

Consolidated Cash Flow Statement for the year ended 31st March 2015 (continued)

		(Rupees in crores)	
		Year ended 31.03.2015	Year ended 31.03.2014
C CASH FLOW FROM FINANCING ACTIVITIES			
Share capital increase (IPP)		–	0.64
Share premium		–	36.42
Borrowings:			
Long-term loans availed/(repaid)		33.60	(374.32)
Short-term loans availed/ (repaid)		303.68	30.77
Long-term provisions		(7.67)	3.67
Other non-operating income		16.11	3.04
Interest expense		(98.99)	(115.33)
Dividend and dividend distribution tax thereon		(67.81)	(58.72)
Net cash from financing activities	(C)	<u>178.93</u>	<u>(473.83)</u>
D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS			
	(A+B+C)	(144.18)	71.19
Cash and cash equivalents at the beginning 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)
Cash and cash equivalents at the end of the year			
Cash and Bank		30.00	104.01
Cash credit balance		<u>(272.85)</u>	<u>(202.68)</u>
		(242.85)	(98.67)

Notes:

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

VENU SRINIVASAN
Chairman & Managing Director

Dr LAKSHMI VENU
Joint Managing Director

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

Chennai
8th May 2015

V N VENKATANATHAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary

M BALASUBRAMANIAM
Partner
Membership No. F7945

Consolidated Financial Statements of Sundaram-Clayton Limited

Annexure Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

Part "A": Subsidiaries

Rs. crores

S. No	Particulars	Indian Subsidiaries			Foreign Subsidiaries				
		TVSM	SACL	TVSH	SCL -USA	TVSM - Singapore	TVSM - Europe	PT.TVSM	SBDC - China
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period								1 st Jan 2014 - 31 st Dec 2014
2.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.				USD - Rs. 62.500/ USD	SGD - Rs.45.475/ SGD	USD - Rs. 62.500/ USD	IDR - Re.0.4775/ IDR 100	RMB - Rs.10.1971/ RMB
3.	Share capital	47.51	11.55	0.05	-	201.20	126.52	556.95	1.25
4.	Reserves & Surplus	1,597.85	99.61	0.29	-	-5.98	-123.01	-500.75	-1.08
5.	Total assets	4,604.20	384.57	17.96	0.09	247.99	3.65	291.26	0.17
6.	Total Liabilities	4,604.20	384.57	17.96	0.09	247.99	3.65	291.26	0.17
7.	Investments	1,012.46	28.87	-	-	196.12	-	-	-
8.	Turnover	10,130.65	2,137.34	11.44	0.04	4.36	0.05	116.65	-
9.	Profit before taxation	456.16	37.32	0.65	-	-0.74	-20.32	-35.95	-0.77
10.	Provision for taxation	108.33	12.00	0.38	-	-	-	3.28	-
11.	Profit after taxation	347.83	25.32	0.27	-	-0.74	-20.32	-39.23	-0.77
12.	Proposed Dividend	-	2.89	-	-	-	-	-	-
13.	% of shareholding	57.40	57.40	57.40	100	57.40	57.40	57.40	57.40

Notes:

- Names of subsidiaries which are yet to commence operations - Nil
- Names of subsidiaries which have been liquidated or sold during the year - Nil

TVSM : TVS Motor Company Limited; SACL : Sundaram Auto Components Limited; TVSH : TVS Housing Limited; SCL-USA : Sundaram-Clayton (USA) Limited; TVSM-Singapore : TVS Motor (Singapore) Pte. Limited; TVSM-Europe : TVS Motor Company (Europe) B.V.; PT.TVSM : PT. TVS Motor Company Indonesia; SBDC-China : Sundaram Business Development Consulting (Shanghai) Co. Ltd

Consolidated Financial Statements of Sundaram-Clayton Limited

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Part "B": Associates and Joint Ventures

Rs. crores

S. No	Name of Associates	TVS Training and Services Limited	Sundram Non-Conventional Energy Systems Limited	Emerald Haven Realty Limited
1.	Latest audited Balance Sheet Date	31 st March 2015	31 st March 2015	31 st March 2015
2.	Shares of Associate/Joint Ventures held by the Company on the year end			
	(i) No. of shares	20,00,000	1,17,650	4,00,00,000 (by TVSM)
	(ii) Amount of Investment in Associates/Joint Venture	2.00	0.12	40.00
	(iii) Extend of Holding %	30.53	23.53	28.00
3.	Description of how there is significant influence	Holding more than 20%, having significant influence as per AS-23 issued by ICAI.	Holding more than 20%, having significant influence as per AS-23 issued by ICAI.	Holding more than 20%, having significant influence as per AS-23 issued by ICAI.
4.	Reason why the associate/joint venture is not consolidated	Not having control over the entity as per AS-21 issued by ICAI.	Not having control over the entity as per AS-21 issued by ICAI.	Not having control over the entity as per AS-21 issued by ICAI.
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	1.52	0.76	27.81
6.	Profit / Loss for the year			
	(i) Considered in Consolidation	(0.08)	0.35	4.61
	(ii) Not Considered in Consolidation	(0.19)	1.15	11.86

- Names of associates or joint ventures which are yet to commence Operations - Nil
- Names of associates or joint ventures which have been liquidated or sold during the year. - Nil

VENU SRINIVASAN
Chairman & Managing Director

Dr LAKSHMI VENU
Joint Managing Director

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

Chennai
8th May 2015

V N VENKATANATHAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary

M BALASUBRAMANIAM
Partner
Membership No. F7945

