



Board of Directors

VENU SRINIVASAN
Managing Director

SURESH KRISHNA

K. MAHESH

GOPAL SRINIVASAN

T.K. BALAJI

VICE ADMIRAL P.J. JACOB (Retd.)

SURESH KUMAR SHARMA

S. SANTHANAKRISHNAN

V. SUBRAMANIAN

Executive Director

H. LAKSHMANAN

**President & Chief Executive Officer
- Automotive Products Division**

C.N. PRASAD

President - Die-casting division

P.H. NARAYANAN

**Executive Vice President -
Finance & Secretary**

V.N. VENKATANATHAN

Audit Committee

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

T.K. BALAJI

V. SUBRAMANIAN

Investors' Grievance Committee

SURESH KRISHNA
Chairman

VENU SRINIVASAN

K. MAHESH

T.K. BALAJI

Bankers

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

STATE BANK OF MYSORE
Industrial Finance Branch
Chennai - 600 006

Auditors

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

Listing of shares with

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

Registered Office

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

Share Transfer Department

New No. 22 (Old No. 31),
Railway Colony 3rd Street,
Mehta Nagar, Chennai - 600 029
Tel. : 044 - 2374 1889
044 - 2374 2939
Fax : 044 - 2374 1889
E-mail : kr.raman@scl.co.in
sclshares@gmail.com
investorscomplaintssta@scl.co.in
vnv@scl.co.in

Factory

Chennai

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

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

Hosur

Hosur - Thally Road
Belagondapalli
Hosur - 635 114
Tel. : 04347 - 233 445
Fax : 04347 - 233 014

Website :

www.sundaramclayton.com

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Sundaram-Clayton Limited

FINANCIAL HIGHLIGHTS INCLUDING SELECTED INDICATORS AND RATIOS

Rupees in crores

Year ended	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Profit and Loss Account										
Sales	231.8	240.6	246.8	299.1	417.4	536.3	629.3	816.2	426.9	492.4
Other income	14.6	14.6	18.3	24.2	28.4	32.5	45.3	48.6	34.5	36.3
Total income	246.4	255.2	265.1	323.3	445.8	568.8	674.6	864.8	461.4	528.7
Gross profit before interest, depreciation and tax (EBITDA)	38.9	34.9	41.5	59.0	82.1	101.6	141.1	176.1	73.9	60.1
Depreciation	8.0	9.5	10.9	12.0	15.3	21.4	26.9	32.8	27.7	31.0
Profit before interest & tax	30.9	25.4	30.6	47.0	66.8	80.2	114.2	143.3	46.2	29.1
Interest	0.6	1.5	1.3	(1.3)	0.5	3.8	7.9	15.2	10.8	22.1
Profit before tax	30.3	23.9	29.3	48.3	66.3	76.4	106.3	128.1	35.4	7.0
Profit after tax	22.7	17.7	21.9	36.1	46.0	53.4	75.3	91.6	23.9	6.3
Balance Sheet										
Net fixed assets	85.1	96.2	99.6	124.8	183.8	275.1	302.5	326.4	240.2	304.3
Investments	43.0	43.0	48.3	43.2	55.0	57.1	71.0	82.3	69.4	67.3
Net current assets	44.7	46.2	24.5	28.1	23.3	30.4	77.4	170.6	213.7	219.0
Total	172.8	185.4	172.4	196.1	262.1	362.6	450.9	579.3	523.3	590.6
Share capital	18.9	18.9	18.9	18.9	18.9	18.9	18.9	18.9	9.5 [#]	9.5
Reserves & surplus	122.6	134.0	135.5	158.2	187.1	221.1	270.5	325.2	226.6	221.9
Networth	141.5	152.9	154.4	177.1	206.0	240.0	289.4	344.1	236.1	231.4
Loan funds	31.3	32.5	9.6	8.9	44.8	109.2	146.1	215.8	267.4	339.3
Deferred taxation (net)	-	-	8.4	10.1	11.3	13.4	15.4	19.4	19.8	19.9
Total	172.8	185.4	172.4	196.1	262.1	362.6	450.9	579.3	523.3	590.6
Earnings per share (Rs.)	11.95	9.36	11.52	19.00	24.25	28.16	39.26	48.06	12.61	3.34
Dividend per share (Rs.)	3.50	3.00	6.00	6.50	8.00	9.00	12.00	17.00	8.75	2.00
Book value per share (Rs.)	74.59	80.63	81.41	93.40	108.63	126.53	152.57	181.41	127.48	122.00
Return on capital employed (ROCE) %	19.9	14.2	17.1	25.5	29.2	25.7	28.1	27.8	8.3	5.2
Return on networth (RONW) %	16.9	12.1	14.2	21.7	24.0	23.9	28.5	28.9	8.2	2.7
Fixed assets turnover (no. of times)	3.1	2.7	2.5	2.7	2.7	2.3	2.2	2.6	1.5	1.8
Working capital turnover (no. of times)	6.2	5.3	7.0	11.4	16.2	20.0	11.7	6.6	2.2	2.3
EBITDA as % of sales	16.8	14.5	16.8	19.7	19.7	18.9	22.4	21.6	17.3	12.2
EBITDA as % of total income	15.8	13.7	15.7	18.3	18.4	17.9	20.9	20.4	16.0	11.4
Net profit as % of total income	9.2	7.0	8.2	11.2	10.3	9.4	11.2	10.6	5.2	1.2

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

RONW is profit after tax divided by average networth.

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

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

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.

Figures from 2007-08 are not comparable with that of previous years' in view of de-merger of the brakes division of the Company.



Sundaram-Clayton Limited

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

Notice to the Shareholders

NOTICE is hereby given that the forty-seventh annual general meeting of the Company will be held at 'Sathguru Gnanananda Hall', Naradha Gana Sabha Trust No.314 T.T.K Road, Chennai 600 018 on Tuesday, the 29th September 2009 at 10.35 a.m. to transact the following business:

ORDINARY BUSINESS

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

RESOLVED THAT the audited balance sheet as at 31st March 2009 and the profit and loss account of the Company for the year ended on that date, together with the directors' report and the auditors' report thereon as presented to the meeting, be and the same are hereby approved and adopted.

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

RESOLVED THAT pursuant to the recommendation of the board of directors of the Company, a final dividend of Re.1/- per share on 1,89,67,584 equity shares of Rs.5/- each fully paid up absorbing a sum of Rs.189.68 lakhs be and is hereby declared for the year ended 31st March 2009 and the same be paid to those holders of the existing equity shares of the Company, whose names appear on the register of members and to those beneficial owners whose names appear on the records of the depositories as at the close of working hours on 7th September, 2009.

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

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

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

RESOLVED THAT Vice Admiral Mr P J Jacob (Retd), director who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a director of the Company.

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

RESOLVED THAT the retiring auditors Messrs. Sundaram & Srinivasan, Chartered Accountants, Chennai be and are hereby re-appointed as auditors of the Company to hold office from the conclusion of this annual general meeting till the conclusion of the next annual general meeting of the Company on such remuneration as may be fixed in this behalf by the board of directors of the Company.

SPECIAL BUSINESS

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

RESOLVED THAT Mr Suresh Kumar Sharma be and is hereby appointed as a director of the Company, liable to retire by rotation.

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

RESOLVED THAT Mr S Santhanakrishnan, be and is hereby appointed as a director of the Company, liable to retire by rotation.

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

RESOLVED THAT Mr V Subramanian be and is hereby appointed as a director of the Company, liable to retire by rotation.

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

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 311 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the Act), the re-appointment of Mr Venu Srinivasan as managing director for a further period of five years from 23rd May 2009 and the remuneration payable to Mr Venu Srinivasan, upon such reappointment, as set out in the agreement dated 27th April, 2009 entered into between the Company and Mr Venu Srinivasan, copy of which is placed before the meeting and initialed by the chairman for the purpose of identification, notwithstanding his holding the office of chairman and managing director in the subsidiary of the Company, i.e M/s TVS Motor Company Limited (TVSM), drawing commission therefrom, be and are hereby approved".

"RESOLVED FURTHER THAT the scope and quantum of remuneration specified hereinabove, may be altered or varied by the board of directors, in the light of and in conformity with any amendments to the relevant provisions of the Companies Act, 1956 / 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".

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

"RESOLVED THAT in supersession of the ordinary resolution passed by the shareholders of the Company held on 27th September 2006, consent of the Company be and is hereby



accorded to the board of directors (hereinafter referred to as “the board”) under section 293(1)(d) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and the Articles of Association of the Company, for borrowing, from time to time, as it may consider fit, any sum or sums of moneys from any person, whether or not the moneys so borrowed together with the moneys already borrowed by the Company and remaining outstanding at any one time (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves that are not set apart for any specific purpose provided that the total amount so borrowed and outstanding at any one time (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) shall not exceed Rs.350 crores (Rupees three hundred and fifty crores only) and that the board be and is hereby empowered and authorized to arrange and fix the terms and conditions of all such moneys to be borrowed, from time to time, as to interest, repayment, security or otherwise as it may think fit”.

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the board or a duly constituted committee thereof, be and is hereby authorized to finalize, settle and execute such documents/deeds/ writings/papers/ agreements, as may be required and to do all such other acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard.”

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

“RESOLVED THAT consent of the Company be and is hereby accorded, pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) to the board of directors of the Company (hereinafter referred to as “the board”) to create security by way of mortgage and/or charge or otherwise in respect of all or any part of the Company’s undertaking(s) / immovable properties and fixed assets including land, buildings, plant and machineries, both present and future, and a floating charge over the whole or any part of the undertaking(s) of the Company including moveable/current assets to secure the repayment of loan(s) (in foreign currency and/or rupee currency) and securities (comprising fully/partly convertible debentures and/or non-convertible debentures with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rate notes/ bonds or other debt instruments) borrowed or issued by the Company, from time to time, to or in favour of banks, trustees and/or financial institutions/other entities in such manner and on such terms and conditions, as the board may think fit, together with

interest at the respective agreed rates, additional interest, commitment charges, premia on pre-payment or on redemption, costs, charges and expenses, and all other monies payable by the Company, in terms of loan agreement(s), heads of agreement(s), debenture trust deed, security or other document(s) entered into by the Company in respect of the foregoing.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the board or a duly constituted Committee thereof be and is hereby authorized to finalize, settle and execute such documents/deeds/writings/papers/agreements as may be required and to do all such other acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating a mortgage and/or charge as aforesaid.”

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

RESOLVED THAT pursuant to the provisions of section 16 read with section 94 and all other applicable provisions, if any, of the Companies Act, 1956, the authorised share capital of the Company be increased from Rs.10,00,00,000/- (Rupees ten crores) divided into 2,00,00,000 (two crores) equity shares of Rs.5/- (Rupees five) each to Rs.20,00,00,000/- (Rupees twenty crores) divided into 4,00,00,000 (four crores) equity shares of Rs.5/- (Rupees five) each.

RESOLVED FURTHER THAT the existing clause V of the memorandum of association of the Company, be substituted by the following new clause V:

The authorised share capital of the Company is Rs. 20,00,00,000/- (Rupees twenty crores) divided into 4,00,00,000 (four crores) equity shares of Rs.5/- (Rupees five) each. The Company has the power from time to time, to increase or reduce its capital and to issue any shares in the original or new capital as equity or preference shares and to attach to any classes of such shares, any preference, rights, privileges or priorities in payment of dividends or distribution of assets or otherwise over any other shares or to subject the same to any restrictions, limitations or conditions and to vary the regulations of the Company, as far as necessary to give effect to the same and upon the subdivision of any shares to apportion the right to participate in profits in any manner.

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

“RESOLVED THAT pursuant to provisions of section 31 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) and subject to such other approvals, consents, permissions as may be required in this regard, the following existing articles in the Articles of Association (AoA) of the Company be and is hereby amended and/or varied in the manner specified below:

Article 2 (a) (iii)- Annual General Meeting	be amended as follows:- The words “with the provisions of section 166 of the Act” be substituted as “with the applicable provisions of the Act”
Article 2 (a) (xxiv)- TVS group	be deleted
Article 2 (a) (xxv)- WABCO group	be deleted
Article 2 (a) (xxvii)- Year and Financial Year	be amended as follows:- The words “by Section 2(17) of the Act” be substituted as “in the applicable provisions of the Act”
Article 3 – Authorised Share Capital	be deleted and a new Article 3 inserted as follows:- Authorised Share Capital The authorised share capital of the Company is Rs.20,00,00,000/- (Rupees twenty crores) divided into 4,00,00,000 (four crores) equity shares of Rs.5/-(Rupees five) each.
Article 4- Increase of Capital by the Company and how carried into effect	be amended as follows:- The words “in conformity with sections 87 and 88 of the Act” and “comply with the provisions of Section 97 of the Act” be substituted as “in conformity with the applicable provisions of the Act” and “comply with the applicable provisions of the Act” respectively.
Article 6- Redeemable preference shares	be amended as follows:- The words “Subject to the provisions of Section 80 of the Act” be substituted as “Subject to the applicable provisions of the Act”
Article 7- Provisions to apply on issue of Redeemable Preference Shares	be amended as follows:- The words “except as provided in section 80 of the Act” be substituted as “except as provided in the Act”
Article 8- Reduction of capital	be amended as follows:- The words “subject to the provisions of Sections 78, 80, 100 to 105 inclusive of the Act” be substituted as “Subject to the applicable provisions of the Act”
Article 9- Sub division, consolidation and cancellation of shares	be amended as follows:- The words “Subject to the provisions of Section 94 of the Act” be substituted as “Subject to the applicable provisions of the Act”
Article 10- Modification of rights	be amended as follows:- The words “subject to the provisions of sections 106 and 107 of the Act” be substituted as “subject to the applicable provisions of the Act”
Article 11- Register and Index of Members	be amended as follows:- The words “in accordance with Section 150 and 151 of the Act” be substituted as “in accordance with the applicable provisions of the Act”
Article 13(c)- Further issue of Capital	be amended as follows:- The words “but subject, however, to Section 81(3) of the Act” be substituted as “but subject, however, to the applicable provisions of the Act”
Article 15- Power also to Company in General meeting to issue shares	be amended as follows:- The words “subject to the provisions of Section 81 of the Act,” be substituted as “subject to the applicable provisions of the Act”



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Article 23- Funds of the Company may not be applied in purchase of shares of the Company.	be amended as follows:- The words “save as provided by Section 77 of the Act.” be substituted as “save as provided under the applicable provisions of the Act”
–	A new Article 23A be inserted as follows: Article 23A – Buy back of shares Notwithstanding anything contained in these articles, the Board of Directors may, when and if thought fit, buy-back such of the Company’s own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and in accordance with the applicable provisions of the Act or any statutory modification or re-enactment thereto and such other regulations and guidelines as may be issued in this regard.
Article 24- Commission may be paid	be amended as follows:- The words “Subject to the provisions of Section 76 of the Act” be substituted as “Subject to the applicable provisions of the Act”
Article 26- Interest may be paid out of capital	be amended as follows: The words “subject to the conditions and restrictions provided by Section 208 of the Act” be substituted as “subject to the conditions and restrictions as provided in the applicable provisions of the Act”
Article 53- Instrument of transfers	be amended as follows:- The words “all the provisions of section 108 of the Act” be substituted as “all the applicable provisions of the Act”
Article 57- Notice of application when to be given	be amended as follows:- The words “in accordance with the provisions of Section 110 of the Act.” be substituted as “in accordance with the applicable provisions of the Act”
Article 66- Copies of Memorandum and Articles of association to be sent by the Company	be amended as follows:- The words “in Section 39 of the Act” be substituted as “in the applicable provisions of the Act”
Article 67- Power to borrow	be amended as follows:- The words “Subject to the provisions of Sections 58A, 292 and 293 of the Act” be substituted as “Subject to the applicable provisions of the Act”
Article 70- Register of Mortgages etc. to be kept	be amended as follows:- The words “in accordance with the provisions of Section 143 of the Act” and “shall cause the requirements of Sections 118, 123 and 127 to 144 (both inclusive) of the Act” be substituted as “in accordance with the applicable provisions of the Act” and “shall cause the requirements of the applicable provisions of the Act”, respectively.
Article 71- Register and index of Debenture holders	be amended as follows:- The words “in accordance with Section 152 of the Act” be substituted as “in accordance with the applicable provisions of the Act”
Article 74- Annual General Meeting, Annual Summary	be amended as follows:- The words “under the provisions of Section 166(1) of the Act” and “in accordance with Sections 159,161 and 220 of the Act” be substituted as “under the applicable provisions of the Act” and “in accordance with the applicable provisions of the Act”, respectively.

Article 77- On receipt of requisition, Directors to call meeting and in default requisitionists may do so	be amended as follows:- The words “in Section 169 (4) of the Act” be substituted as “in the applicable provisions of the Act”
Article 83- Body corporate deemed to be personally present	be amended as follows:- The words “in accordance with Section 187 of the Act” be substituted as “in accordance with the applicable provisions of the Act”
Article 95- Number of votes to which member entitled	be amended as follows:- The words “save as provided in clause (b) of sub-section (2) of Section 87” be substituted as “save as provided under the applicable provisions of the Act”
Article 98- Voting in person or by proxy	be amended as follows:- The words “in accordance with Section 187 of the Act” be substituted as “in accordance with the applicable provisions of the Act”
Article 104- Form of Proxy	be amended as follows:- The words “in any of the forms set out in Schedule IX of the Act” be substituted as “in any of the forms set out under the applicable provisions of the Act”
Article 108- Certain matters to be approved by Special Resolution	be deleted.
Article 110(b)- Number of directors	be deleted.
Article 111- Power to appoint ex-officio directors	be deleted.
Article 112- Appointment of Nominee Director by ICICI	be deleted.
Article 115- Directors’ power to add to the Board	be amended as follows:- The words “Subject to the provisions of Sections 260, 261 and 264 of the Act” be substituted as “Subject to the applicable provisions of the Act”
Article 116- Directors’ power to fill casual vacancies	be amended as follows:- The words “Subject to the provisions of Sections 261, 264 and 284 (6) of the Act” be substituted as “Subject to the applicable provisions of the Act”
Article 122- When office of a Director to become vacant	be amended as follows:- The words “Subject to Section 283(3) and 314 of the Act”. “under Section 203 of the Act”, “in pursuance of Section 284 of the Act”, “contravention of section 295 of the Act” and “contravention of section 299 of the Act” be substituted as “Subject to the applicable provisions of the Act”, in pursuance of the applicable provisions of the Act” and “contravention of the applicable provisions of the Act”.
Article 123- Director may contract with Company	be amended as follows:- The words “in accordance with section 297 of the Act” be substituted as “in accordance with the applicable provisions of the Act”
Article 124- Disclosure of interest	be amended as follows:- The words “in the manner provided in Section 299(2) of the Act” be substituted as “in the manner provided under the applicable provisions of the Act”



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Article 127- Register of contracts in which Directors are interested	be amended as follows:- The words “in accordance with Section 301(1) and shall within the time specified in Section 301(2), Section 297 or Section 299 of the Act” be substituted as “in accordance with the applicable provisions of the Act and shall within the time limit specified in the applicable provisions of the Act”.
Article 128- Directors may be Directors of companies promoted by the Company	be amended as follows:- The words “except in so far as Section 309(6) or Section 314 of the Act may be applicable” be substituted as “except as otherwise provided under the applicable provisions of the Act”
Article 130- Ascertainment of Directors retiring by rotation and filling of vacancies	be amended as follows:- The words “Subject to Section 256(2) of the Act” be substituted as “Subject to the applicable provisions of the Act”
Article 132- Company to appoint successors	be amended as follows:- The words “Subject to Sections 258 and 261 of the Act” be substituted as “Subject to the applicable provisions of the Act”
Article 133- Provision in default of appointment	be amended as follows:- The words “the proviso to sub-section (2) of section 263 of the Companies Act” be substituted as “Subject to the applicable provisions of the Act”
Article 134- Company may increase or reduce the number of directors	be amended as follows:- The words “Subject to Section 259 of the Act’ and “Subject to Section 284 of the Act” be substituted as “Subject to the applicable provisions of the Act”
Article 135- Notice of candidate for office of director except in certain cases	be amended as follows:- The words “under Section 257 of the Act” and “under section 262 of the Act” be substituted as “under the applicable provisions of the Act”
Article 136- Register of Directors, etc. , and notification of change to Registrar	be amended as follows:- The words “in Section 303 of the Act,” and “as required by Section 307 of the Act” be substituted as “under the applicable provisions of the Act and “as required under the applicable provisions of the Act”.
Article 137- Disclosure by Director of appointment to any body corporate	be amended as follows:- The words “sub-section (1) of Section 303 of the Act, “specified under sub-section (1) of Section 303 of the Act,” and “by virtue of Sub-section (10) of Section 307 of the Act” be substituted as “under the applicable provisions of the Act”, “as required under applicable provisions of the Act” and “by virtue of the applicable provisions of the Act”.
Article 138- Managing Director / Executive Director	be deleted and a new Article inserted as Article 138 Article 138- Managing Director / Joint Managing Director / Whole-time Director The Board may, from time to time, appoint one or more of their Body to the office of Managing Director / Joint Managing Director / Whole-time Director or such other designations as may be considered appropriate for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and

	<p>partly in another or otherwise) as they may deem fit. The Directors who are in the whole-time employment in the Company shall be subject to supervision and control of the Managing Director and exercise such of the powers as vested by the Board from time to time.</p> <p>Whenever there is a Managing Director holding office as such, the business of the Company shall, subject to the supervision, control and direction of the Board of Directors, be managed by the Managing Director.</p> <p>The Board may, from time to time, entrust to and confer upon the Managing Director for the time being, such of the powers exercisable under these presents by the Board as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient and they may confer such powers either collaterally with, or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf, and may from time to time, revoke, withdraw, alter or vary all or any of such powers.</p> <p>The remuneration of the Managing Director may be by way of monthly payment, fee for each meeting, or participation in profits, or by any or all modes or any other mode not expressly prohibited by the Act.</p>
Article 138A- Non-retiring Directors	<p>be deleted and a new Article 138A inserted as follows:- Article 138A- Non-retiring Directors</p> <p>In the event the Managing Director appointed by the Board pursuant to Article 138 and the Chairman of the Board appointed pursuant to Article 148 are one and the same individual, the Board can decide one of the other Directors to be a non retiring director and in such case the Director so designated shall not, subject to the applicable provisions of the Act, be subject to retirement by rotation in accordance with Article 129</p>
Article 140 - Certain persons not to be appointed as Managing Director / Executive Director	<p>be amended as follows: Certain persons not to be appointed as Managing Director. The words 'Executive Director' be deleted</p>
Article 141- Special position of Managing Director / Executive Director	<p>be deleted and a new Article 141 inserted as follows:- Special position of Managing Director / Joint Managing Director / Whole-time Director</p> <p>If a Managing Director / Joint Managing Director / Whole-time Director ceases to hold office as Director, he shall <i>ipso facto</i> and immediately cease to be a Managing Director / Joint Managing Director / Whole-time Director. Subject to the provisions of the Act, the Managing Director while holding such office shall not be subject to retirement by rotation or taken into account in determining the rotation of retirement of Directors.</p>
Article 142- Technical Director	<p>be deleted.</p>
Article 145- Quorum	<p>be amended as follows: The words "Subject to section 287 of the Act" be substituted as "subject to applicable provisions of the Act".</p>



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Article 148- Chairman of the Board	<p>be deleted and a new Article 148 inserted as follows:-</p> <p>Article 148- Chairman of the Board</p> <p>Mr T S Srinivasan was the first Chairman of the Board. The Board may, from time to time, appoint one of their Body as Chairman of the Board for such period as may be considered necessary.</p> <p>The Chairman of the Board appointed in pursuance of this Article, shall not be subject to retirement by rotation in accordance with Article 129.</p> <p>The Chairman of the board shall be entitled to take the Chair at every meeting of the board. If at any meeting of the Board, he shall not be present within 30 (thirty) minutes of the time appointed for holding such meeting or if he shall be unable or unwilling to take the chair, then the Managing Director shall be entitled to take the Chair and failing him, then the Directors present may choose one of their number to be the Chairman of that meeting.</p>
Article 151- Directors may appoint Committees	<p>be amended as follows:-</p> <p>The words "Subject to the restrictions contained in Section 292 of the Act" be substituted as "Subject to the restrictions contained in the applicable provisions of the Act"</p>
Article 156- Power of Directors	<p>be amended as follows:-</p> <p>The words "in section 292 of the Act", "in accordance with the provisions of Sections 349 and 350 of the Act" be substituted as "in the applicable provisions of the Act", and "in accordance with the applicable provisions of the Act", respectively.</p>
Article 157- Certain powers of the board	<p>be amended as follows:-</p> <p>The following words "under the provisions of Sections 76 and 208 of the Act, subject to Sections 292 and 297 of the Act, subject to the provisions of Sections 292, 295, 370 and 372 of the Act, Save as provided in section 49 of the Act, subject to Section 292 of the Act, subject to Sections 294 and 297 of the Act" be substituted as "under the applicable provisions of the Act", "subject to applicable provisions of the Act" and "Save as provided under the applicable provisions of the Act".</p>
Article 160- The seal, its custody and use	<p>be amended as follows:-</p> <p>The words "in accordance with section 50 of the Act" be substituted as "in accordance with the applicable provisions of the Act"</p>
Article 164- Dividends only to be paid out of profits	<p>be amended as follows:-</p> <p>The words "in accordance with the provisions of Section 205 of the Act" and "in accordance with the provisions of sub-section (2) of section 205 of the Act" be substituted as "in accordance with the applicable provisions of the Act".</p>
Article 173- Unclaimed dividend	<p>be amended as follows:-</p> <p>The words "all the provisions of Section 205A of the Act" be substituted as " all the applicable provisions of the Act"</p>
Article 176- Capitalisation	<p>be amended as follows:-</p> <p>The words "in accordance with Sections 75 of the Act" be substituted as "in accordance with the applicable provisions of the Act"</p>

Article 177- Directors to keep true accounts	be amended as follows:- The words “in accordance with Sections 209 of the Act” be substituted as “ in accordance with the applicable provisions of the Act”
Article 179- Statement of accounts to be furnished to General Meeting	be amended as follows:- The words “in accordance with Sections 210, 211, 212, 215, 216 and 217 of the Act” be substituted as “in accordance with the applicable provisions of the Act”
Article 182- Service of documents or notices	Article 182(a) be deleted and new Article 182(a) be inserted as follows: A document or notice may be served or given by the Company on any member either personally or by sending it by post to the member to his or its registered address or (if the member has no registered address in India) to the address, if any, in India supplied by him/it to the Company for serving documents or notices on him or it.
Article 191- Directors’ and others’ right of Indemnity	be amended as follows:- The words “under Section 633 of the Act” be substituted as “under the applicable provisions of the Act”

“RESOLVED FURTHER THAT pursuant to sections 258, 259 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government and any other approval as may be required by law, the number of directors of the Company for the time being in the office be increased from the existing maximum permissible limit of 12 (twelve) to 16 (sixteen).”

“RESOLVED FURTHER THAT pursuant to the provisions of section 31 and other applicable provisions, if any, of the Companies Act, 1956, Article 110(a) of the Articles of Association of the Company be amended to read as under with effect from the date of Central Government approval in accordance with the provisions of the Companies Act, 1956.”

Article 110(a) renumbered as Article 110 - Number of directors

“Until otherwise determined by a General Meeting of the Company and subject to the applicable provisions of the Act, the number of directors shall not be less than six and not more than sixteen.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolutions, the board of directors of the Company and the company secretary be and are hereby severally authorised to complete all the formalities in this regard and to take all such steps as may be necessary, appropriate or expedient to give effect to these resolutions.”

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

RESOLVED -

- a. THAT pursuant to article 176 of the articles of association of the Company and upon recommendation of the board of directors of the Company, and subject to the applicable provisions of the Companies Act, 1956 and such guidelines/regulations prescribed by the Securities and Exchange Board

of India, such other consents or approvals under various statutes, as may be required or applicable in this regard, consent of the shareholders, be and is hereby accorded to the board of directors of the Company (herein after referred to as the board, which expression shall be deemed to include a committee thereof), for capitalization of a sum not exceeding Rs.9,48,37,920/- from the General Reserve account of the Company and accordingly the said sum of Rs.9,48,37,920/- standing to the credit of the general reserve account of the Company, be and is hereby capitalized and distributed amongst the holders of the existing equity shares of the Company as on the record date to be fixed hereinafter on the footing that they become entitled thereto, as capital and not as income and that the same be not paid in cash, but be applied on behalf of such shareholders as aforesaid in paying up in full at par 1,89,67,584 new equity shares of Rs.5/- each to be allotted, distributed and credited as fully paid-up amongst the said shareholders of the Company, in proportion to one new equity share of Rs.5/- each for every one equity share of Rs.5/- each, held by them;

- b. THAT the new equity shares of Rs.5/- each to be allotted as bonus shares shall be, subject to the memorandum and articles of association of the Company, and such other applicable statutory provisions under various statutes, shall rank ‘pari passu’ in all respects with and carry the same rights as the existing equity shares of the Company and shall be entitled to participate in full in any dividend declared after the bonus shares are so allotted;
- c. THAT the issue and allotment of new equity shares in terms hereof to the non-resident shareholders of the Company shall be subject to approval of the Reserve Bank of India, under the Foreign Exchange Management Act, 1999, if necessary;



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- d. THAT no letter of allotment shall be issued to the allottees of the bonus equity shares and that the share certificates, in respect of the new equity shares, shall be issued and dispatched to the allottees thereof, who are holding the existing equity shares in physical form, within the period prescribed or that may be prescribed in this behalf, from time to time, except that the bonus shares shall be credited to the demat accounts of the allottees who are holding the existing equity shares in electronic form; and
- e. THAT the board and/or its committee of directors be and is/are hereby authorised to take all such other steps and to do all such acts, as may be necessary, to give effect to the aforesaid resolutions including fixing of record date, allotment and listing of new bonus shares with the stock exchanges, where the existing shares of the Company are presently listed and also to determine all other terms and conditions of the issue of bonus equity shares, as the board / committee, may in its absolute discretion deem fit and proper, including settling any question, doubt or difficulty that may arise with regard to or in relation to the issue or allotment of the bonus equity shares.

By order of the board

Chennai
26th August 2009

V N VENKATANATHAN
Executive Vice President-
Finance & Secretary

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

Notes:

- A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy or proxies so appointed need not be a member or members, as the case may be, of the Company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company not later than 48 hours before the time fixed for holding the meeting.**
- The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the special business nos. 6 to 14 as set out above are annexed hereto.
- The Register of members and the Share transfer register will remain closed for a period of three days from Tuesday, 8th September 2009 to Thursday, 10th September 2009 (both days inclusive) for the purpose of payment of final dividend.

Final Dividend on equity shares for the year ended 31st March, 2009 as recommended by the board, if declared at the ensuing annual general meeting will be paid on and from 1st October, 2009-

- (a) to those members holding equity shares in physical form, whose names appear on the Company's Register of Members at the close of business hours on Thursday, 10th September 2009 after giving effect to all valid transfers in physical form lodged on or before Monday, the 7th September, 2009 with the Company and/or its Share Transfer Department; and

- (b) in respect of shares held in electronic form to all beneficial owners as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose as on 7th September, 2009.

- In terms of Section 205A read with Section 205C of the Companies Act, 1956, the dividends declared by the Company, which remain unclaimed for a period of seven years will be transferred to the Investors Education and Protection Fund (IEPF), established by the Central Government on the due dates. The particulars of due dates for transfer of such unclaimed dividends to IEPF are furnished in the report on Corporate Governance forming part of the annual report. Members who have not encashed their dividend warrants in respect of the above periods are requested to make their claim by surrendering the unencashed warrants immediately to the Company.
- Members holding shares in physical form, in their own interest, are requested to dematerialise the shares to avail the benefits of electronic holding / trading.
- Members are requested to notify the Company immediately of any change in their address. Members holding shares in depository are requested to advise change of address to their depository participants.
- As a measure of economy, copies of the annual report will not be distributed at the annual general meeting. Members are, therefore, requested to bring their copies of the annual report to the meeting.
- Members are requested to affix their signature at the space provided on the attendance slip annexed to the proxy form and hand over the slip at the entrance of the meeting hall.
- In terms of clause 49 (IV)(G) of the listing agreement with the stock exchanges, a brief resume of directors, who are proposed to be re-appointed / appointed in this meeting, nature of their expertise in specific functional areas, their other directorships and committee memberships and their shareholdings in the Company and their relationships with other directors in the Company are given below:

I. Mr. Gopal Srinivasan

Born on 4th August 1958, Mr Gopal Srinivasan is the Chairman & MD of TVS Capital Funds Limited, that has launched an India focused growth private equity fund. The vision is to develop and nurture India's mid-cap businesses into world class companies. The fund will make investments in companies that are at the intersection of high growth consumer consumption driven opportunities and a developmental theme, such as organizing the unorganized/inefficient sectors. The fund will target to source proprietary investment opportunities, especially from emerging, high growth cities across India, and be a strategic partner to the entrepreneur and the enterprise to help expand businesses beyond their existing roots, professionalize their operations and enhance their management team.

Mr Gopal Srinivasan, a member of the TVS family, is the founder and Chairman of TVS Electronics Limited and is director in several other TVS Group businesses. TVS Electronics, founded in 1986, started as an IT peripherals manufacturer and has today transformed itself into an IT Transaction Solution provider and Business Process Outsourcing partner.

Mr Gopal Srinivasan was the Chairman of the Confederation of Indian Industry (CII), Tamil Nadu State Council for the fiscal year '07-'08. He was also chairing the "India@75" Mission (www.indiaat75.in) last year and currently chairing CII National Committee for Private Equity & Venture Capital. He is also the Chairman for India-Taiwan task force at CII National Council. He has also served as the President of Manufacturers' Association for Info. Technology (MAIT) for the fiscal year '95-96.

Mr Gopal Srinivasan has incubated over eight businesses, and has over twenty five years of operational experience in India, along with a wide network of relationships across the world. Gopal till recently was on the Board of ICICI Venture Ltd. and is currently a Board member of Great Lakes Institute of Management and Institute for Financial Management & Research (IFMR).

Mr Gopal Srinivasan earned a B.Com from Loyola College, Chennai and an MBA from University of Michigan, USA. A passionate entrepreneur, he is also actively involved in the promotion of Entrepreneurship as an angel investor as well as through organizations including TiE (The Indus Entrepreneurs), Great Lakes Institute of Management, IFMR.

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

He holds 66 equity shares in the Company and he is related only to Mr Venu Srinivasan, managing director of the Company and Mr T K Balaji, director of the Company.

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

S. No.	Name of the Company	Position held	Committee membership/ chairmanship
1	Harita Academy Limited	Chairman	-
2	Harita TVS Technologies Inc. USA	Director	-
3	Lucas-TVS Limited	Director	-
4	Sundaram Industries Limited	Director	-
5	Sundaram Investment Limited	Director	-
6	T V Sundram Iyengar & Sons Limited	Director	-
7	TVS Capital Funds Limited	Chairman & Managing Director	-
8	TVS Electronics Limited	Chairman	Member - Shareholders / Investors' Grievance Committee
9	TVS Finance and Services Limited	Chairman	Member – Shareholders / Investors' Grievance Committee
10	TVS Investments Limited	Chairman	-
11	TVS Logistics Services Limited	Director	-
12	TVS-E Servicetec Limited	Chairman	-
13	Harita Techserv Limited	Chairman	-
14	Harita Electronics Private Limited	Director	-
15	Grandtech India Private Limited	Director	-
16	Cross Creek Channel Investment Advisors Private Limited	Director	-

II. Vice Admiral Mr. P J Jacob (Retd.)

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

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

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

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

Vice Admiral Jacob was till recently a member of the National Security Advisory Board to the Prime Minister of India. He is currently Chairman of the Global India Foundation a newly created organization aiding decision makers in strategising policy initiatives.

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

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

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

S. No.	Name of the Company	Position held	Committee membership/ chairmanship
1	Dua Consulting Private Limited	Director	-

III. Mr. Suresh Kumar Sharma

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

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



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

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

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

He was co-opted as an additional director of the Company by the board on 15th July 2009.

He does not hold any share in the Company and 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 membership/ chairmanship
1	Sharma Transports India Limited	Director	-

IV. Mr. S Santhanakrishnan

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

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

After retirement from SBI, he was selected to head the then fledgling Credit Information Bureau Of India (CIBIL), a Company that was promoted thanks to the Reserve Bank of India's initiative and promoted by all commercial banks (including all foreign banks and leading private banks) and Sundaram Finance Limited.

During his three year tenure as Executive Chairman, he had the privilege of participating in the evolution of the Company as an important credit reference agency and shaped it to be commercially very successful. He is still associated with this agency as an Advisor.

He was co-opted as an additional director of the Company by the board on 15th July 2009.

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

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

S. No.	Name of the Company	Position held	Committee membership/ chairmanship
1	Easy Access Financial Services Private Limited	Director	-
2	ICICI Home Finance Company Limited	Director	-
3	Reliance Capital Trustee Co. Limited	Director	-
4	Dhanalakshmi Bank Limited	Director	-

V. Mr. V Subramanian

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

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

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

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

His vast experience spans over different fields like law and order, land management, development administration, welfare, energy, labour etc. He has also spent six months in Sri Lanka as Civilian Adviser to the IPKF for the restoration of civilian administration in Jaffna.

He was co-opted as an additional director of the Company by the board on 15th July 2009.

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

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

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

S. No.	Name of the Company	Position held	Committee membership/ chairmanship
1.	Mount Everest Mineral Water Limited	Director	-
2.	PTC Energy Limited	Director	-

VI. Mr. Venu Srinivasan

Born on 11th December 1952, Mr Venu Srinivasan is a Bachelor of Engineering from Madras University and holds M.S degree in Management from Purdue University, U.S.A.

Mr Venu Srinivasan has been the Chairman of CII (Southern Region) and has been associated with CII for nearly 17 years in various capacities. He is now the President of CII.

He was the past President of Automotive Research Association of India, Pune, Society of Indian Automobile Manufacturers and Association of Indian Automobile Manufacturers. At present, he is an Honorary Consul General of Republic of Korea, Chennai.

Mr Venu Srinivasan has been honoured with various awards, including the HSBC Indo-British Achievement Award, presented in recognition of his active contribution to Indo-British commercial relations. He was also the recipient of “Star of Asia” award of Business Week International.

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

Mr Venu Srinivasan has been the managing director of the Company since May 1979 and also the managing director of TVS Motor Company Limited from 1986. Since July 2002, he has been the chairman and managing director of TVS Motor Company Limited.

He is a member of the administrative committee and investors’ grievance committee of directors of the Company.

He does not hold any share in the Company and he is related only to Mr Gopal Srinivasan and Mr T K Balaji, directors of the Company.

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

S. No.	Name of the Company	Position held	Committee membership/ chairmanship
1.	TVS Motor Company Limited	Chairman and Managing Director	Member- Investors Grievance Committee
2.	WABCO-TVS (INDIA) Limited	Chairman	-

S. No.	Name of the Company	Position held	Committee membership/ chairmanship
3.	Harita-NTI Limited	Chairman	(i)Chairman – Audit Committee. (ii) Member – Remuneration Committee
4.	Lucas TVS Limited	Director	-
5.	T V Sundram Iyengar & Sons Limited	Director	Member – Audit Committee
6.	Sundaram Textiles Limited	Director	-
7.	Southern Roadways Limited	Director	-
8.	Sundram Fasteners Limited	Director	-
9.	Cummins India Limited	Director	(i)Chairman– Compensation and Management Development Committee (ii)Member - Operations Committee
10.	Sundram Non-Conventional Energy Systems Limited	Director	-
11.	TVS Investments Limited	Director	-
12.	TATA Coffee Limited	Director	-
13.	Oriental Hotels Limited	Director	-
14.	TVS Lanka Private Limited	Director	-
15.	TVS Motor (Singapore) Pte. Limited	Director	-
16.	TVS Energy Private Limited	Director	-
17.	TVS Motor Harita Employees Welfare Foundation Private Limited	Director	-

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

Item No. 6

Mr Suresh Kumar Sharma was appointed as an additional director of the Company with effect from 15th July 2009. In terms of Section 260 of the Companies Act, 1956, Mr Suresh Kumar Sharma holds office only upto the date of this annual general meeting.

A notice has been received from a member of the Company under Section 257 of the Companies Act, 1956, along with a deposit of Rs. 500/- signifying his intention to propose the candidature of Mr Suresh Kumar Sharma and to move the resolution set out in Item No. 6 of this notice.

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



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None of the directors, except Mr Suresh Kumar Sharma, is deemed to be concerned or interested in the resolution.

Item No. 7

Mr S Santhanakrishnan was appointed as an additional director of the Company with effect from 15th July 2009. In terms of Section 260 of the Companies Act, 1956, Mr S Santhanakrishnan holds office only upto the date of this annual general meeting.

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

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

None of the directors, except Mr S Santhanakrishnan, is deemed to be concerned or interested in the resolution.

Item No. 8

Mr V Subramanian was appointed as an additional director of the Company with effect from 15th July 2009. In terms of Section 260 of the Companies Act, 1956, Mr V Subramanian holds office only upto the date of this annual general meeting.

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

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

None of the directors, except Mr V Subramanian, is deemed to be concerned or interested in the resolution.

Item No. 9

The present term of office of Mr Venu Srinivasan as managing director of the Company expired on 22nd May 2009. In terms of Article 138 of the articles of association of the Company, Mr Venu Srinivasan was re-appointed by the board of directors as managing director for a further period of five years from 23rd May 2009 in their meeting held on 27th April 2009. The last re-appointment and the remuneration payable to Mr Venu Srinivasan were approved by the shareholders at the annual general meeting held on 17th September 2004.

Necessary agreement was executed by the Company with Mr Venu Srinivasan giving effect to the above said proposal. Details of the remuneration payable in terms of the agreement dated 27th April 2009 entered into between the Company and Mr Venu Srinivasan are as under:

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

(ii) PERQUISITES

I. Housing

Housing I: The Company shall provide its own furnished accommodation for the managing director, free of rent.

Housing II: In case no accommodation is owned by the Company;

- the expenditure on hiring furnished accommodation for the managing director will be subject to a ceiling of sixty per cent of the salary; or
- the managing director shall be entitled to house rent allowance subject to a ceiling of sixty per cent of the salary.

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962. This shall, however, be subject to a ceiling of ten per cent of the salary of the managing director.

II. Medical Reimbursement

Expenses incurred for the managing director and his family, including premium for medical insurance.

III. Leave Travel Concession

Leave travel concession for managing director and his family, once in a year, incurred in accordance with the rules of the Company.

Explanation: For the purposes of medical reimbursement and leave travel concession, family means the spouse, dependent children and dependent parents of the managing director.

IV. Club Fees

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

V. Personal accident insurance

Personal accident insurance for an amount, the annual premium of which does not exceed Rs.10,000/-.

VI. Company's contribution to provident fund which shall 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.

XI. The managing director shall be provided with car for use on Company's business and telephone at residence. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the managing director.

- X. The managing director shall be entitled to reimbursement of all actual expenses, including on entertainment and travelling incurred by him in the course of the Company's business.
- XI. The managing director so long as he functions as such, shall not be paid any sitting fees for attending the meetings of the board of directors or committees thereof.

In the event of loss or inadequacy of profits in any financial year, the board of directors shall revise the remuneration payable to managing director during such financial year, in such manner as agreed to between the board of directors and the managing director and within the limits prescribed in this behalf under Schedule XIII to the Companies Act, 1956.

The above remuneration governing the appointment of Mr Venu Srinivasan as managing director of the Company is notwithstanding the fact that he draws commission as chairman and managing director of the Company's subsidiary viz., TVS Motor Company Limited, as approved by the shareholders of the said subsidiary, subject to the overall limit prescribed under the applicable provisions of the Companies Act, 1956.

The abstract of the terms of re-appointment and memorandum of interest was circulated to members on 27th April 2009 pursuant to section 302 of the Companies Act, 1956.

In compliance with the provisions of sections 269, 198, 309 and 316 read with Schedule XIII of the Companies Act, 1956, the terms of re-appointment and the remuneration specified above are now being placed before the shareholders for their approval.

Mr Venu Srinivasan, managing director and Mr Gopal Srinivasan, director, who are brothers and Mr T K Balaji, director, being a relative of both of them, may be deemed to be concerned or interested in this resolution.

None of the other directors of the Company is, in any way, concerned or interested in the said resolution.

Item No: 10

In terms of Section 293(1)(d) of the Companies Act, 1956 (the Act), the board of directors have the powers to borrow moneys, where the moneys to be borrowed together with moneys already borrowed (other than the temporary loans obtained from the Company's bankers in the ordinary course of business) exceeding the aggregate of the paid up capital and free reserves of the Company, with the consent of the shareholders obtained in a general meeting.

The shareholders of the Company at the annual general meeting held on 27th September 2006 fixed the monetary ceiling for borrowing in excess of the paid up capital and free reserves of the Company at Rs.200 crores, taking into account the then prevailing business volumes.

Considering the future plans and the proposed expansion activities of the Company, the directors have considered it desirable to enhance the borrowing powers from Rs.200 crores to Rs 350 crores.

Accordingly, the resolution is placed before the shareholders for their approval.

The directors recommend the resolution as set out in Item No.10 of the accompanying notice to be approved as an ordinary resolution by the shareholders.

None of the directors of the Company is, in any way, concerned or interested in the said resolution.

Item No: 11

In terms of Section 293(1)(a) of the Companies Act, 1956, the board of directors of the Company shall not, except with the approval of the shareholders of the Company, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking.

As detailed in the earlier item, the board of directors of the Company has proposed to increase the borrowing limit of the Company from Rs.200 crores to Rs.350 crores. The lenders may, in order to secure the repayment of monies borrowed and/or other securities or debt instruments issued by the Company for or in respect of the business of the Company, insist to create a mortgage and/or charge in respect of all or any of the Company's immovable/movable properties and assets more particularly described in the text of the resolution in favour of such lender(s), including banks, trustees for debenture-holders, and/or financial institutions.

The resolution at Item No.11 of the accompanying notice is therefore of an enabling nature for the above purpose, and requires the approval of the shareholders, by way of an ordinary resolution.

The directors therefore recommend the ordinary resolution as set out in Item No.11 of the accompanying notice for approval by the shareholders of the Company.

None of the directors of the Company is, in any way, concerned or interested in the said resolution.

Item no. 12

The present authorized share capital of the Company stood at Rs.10,00,00,000/- (Rupees ten crores only) divided into 2,00,00,000 (two crores) equity shares of Rs.5/- each against which the issued, subscribed and paid up share capital of the Company was Rs.9,48,37,920/-.

In order to accommodate the proposed issue of bonus shares in terms of resolution at item no. 14 of the Notice, it is proposed to increase the present limit of the authorised share capital of the Company as detailed in the said resolution. Consequently, clause V of the memorandum of association of the Company is proposed to be altered.

The directors therefore recommends the ordinary resolution as set out in Item No.12 of the accompanying notice for approval by the shareholders.

None of the directors of the Company is, in any way, concerned or interested in the said resolution.

Item No:13

For the reasons explained in item No.12, it is necessary that the existing Article 3 of the Articles of Association of the Company, needs to be amended for increasing the authorized share capital of the Company from Rs.10,00,00,000/- (Rupees ten crores only) divided into 2,00,00,000 (two crores) equity shares of Rs.5/- each to 20,00,00,000/- (Rupees



Sundaram-Clayton Limited

twenty crores only) divided into 4,00,00,000 (four crores) equity shares of Rs.5/- each.

Pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court of Madras vide its order dated 20th February 2008, "inter se" transfer of shares between promoters of the Company was effected on 3rd June 2009.

With the acquisition of 39.17% shares by TVS Group viz., M/s T V Sundram Iyengar & Sons Limited, Sundaram Industries Limited, Southern Roadways Limited and Sundaram Finance Limited from the Foreign promoter viz., M/s. Clayton Dewandre Holdings Limited, the total holdings of TVS Group has risen to 80% of the paid up capital of the Company. With the exit of the foreign promoter and they ceasing to be one of the principal shareholders of the Company, it has become necessary to amend/vary certain clauses in the Articles of Association (AoA) of the Company. In view of this, certain articles in AoA have to be altered by deleting references to the promoters and their rights.

Further, certain articles have also been proposed to be amended by deleting references to specific provisions of the Companies Act, 1956 (the Act) in view of the proposed sweeping changes in the existing Act and consequent radical reduction in the number of sections in the said Act. Hence, the board considered it desirable to delete references to specific sections of the Act in the AoA and instead make references like "subject to the applicable provisions of the Act" or "under the applicable provisions of the Act" etc. wherever the context so requires.

In view of the proposed expansion and diversification plans of the Company, the board felt it necessary to increase the maximum strength of the board to sixteen, which would enable the Company to have, if considered necessary, experienced persons in the related fields on the board where the Company may plan to expand / diversify in future. Hence, the existing Article 110(a) requires an amendment for appointment of more than twelve directors subject to the approval of the shareholders and the Central Government.

As per Section 31 of the Companies Act, 1956, amendments to the articles of association of the Company require the approval of the shareholders of the Company at a general meeting by a special resolution.

Accordingly, the articles that are proposed to be modified/varied as set out in item no.13 of the notice require the approval of the shareholders by way of a special resolution.

The directors therefore recommend the special resolution as set out in item no.13 of the accompanying notice for approval by the shareholders.

None of the directors of the Company is, in any way, concerned or interested in the said resolution.

Item No. 14

The board of directors of the Company, at their meeting held on 26th August 2009, recommended issue of bonus equity shares in proportion of one new equity share of Rs.5/- each for every one equity share of Rs.5/- each held by the members on a record date to be fixed hereinafter by the board or its committee thereof, by capitalizing an equivalent amount standing to the credit of the general reserve account, for approval of the shareholders in the ensuing annual general meeting.

In terms of the articles of association of the Company, any capitalization of reserves and issue of bonus equity shares will require the approval of the shareholders in a general meeting by way of an ordinary resolution.

Accordingly, a resolution is proposed seeking the approval of the shareholders for -

- (i) capitalization of an amount standing to the credit of the general reserve account by issue of bonus equity shares on the terms and conditions as set out in item no. 14 of the accompanying notice; and
- (ii) authorizing the board or its committee thereof, to complete all such regulatory formalities as prescribed by the SEBI, RBI, the Stock exchanges on which the equity shares of the Company are listed and any other regulatory authority in connection with issue and allotment of the bonus equity shares and, if necessary, the amendment of the depository agreement and/ or entering into any new depository agreement.

None of the directors is deemed to be interested or concerned in this resolution except to the extent of his shareholding in the Company and entitlement to receive bonus shares in the said proportion of his holdings on the record date.

Inspection of documents

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

By order of the board

Chennai
26th August 2009

V N VENKATANATHAN
Executive Vice President-
Finance & Secretary

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

Sundaram-Clayton Limited

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

ATTENDANCE SLIP

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

Name of the attending member _____

DP Id.* _____ Client Id* _____

Folio No. ** _____ No. of shares _____

Name of proxy _____
(If proxy attends instead of member)

I hereby register my presence at the annual general meeting.

Venue : "Sathguru Gnanananda Hall",
Narada Gana Sabha Trust,
No.314 (Old No.254) T.T.K Road,
Chennai 600 018

Date : 29th September 2009

Time : 10.35 a.m.

Signature of member/proxy

* Applicable for investors holding shares in electronic form.

** Applicable for investors holding shares in physical form.

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

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

Sundaram-Clayton Limited

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

PROXY FORM

DP Id.* _____ Client Id.* _____ Folio No. ** _____

I/We _____ of _____ in the district of _____ being a Member/Members of SUNDARAM- CLAYTON LIMITED hereby appoint _____ of _____ in the district of _____ or failing him _____ of _____ in the district of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the annual general meeting of the Company to be held on Tuesday, the 29th September 2009 at 10.35 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2009.

<i>For Office use</i>	
Proxy No.	
Date of receipt	
No. of shares	

Revenue Stamp

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

* Applicable for investors holding shares in electronic form.

** Applicable for investors holding shares in physical form.

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

Directors' report to the shareholders

The directors herewith present the forty-seventh annual report and the audited accounts for the year ended 31st March 2009.

2. FINANCIAL HIGHLIGHTS

Details	Rs. in lakhs	
	Year ended 31.03.2009	Year ended 31.03.2008
Sales and other income	52,869.87	46,141.70
Gross profit before interest and depreciation	6,008.07	7,390.57
Less: Interest – Net	2,207.17	1,080.78
Depreciation	3,105.06	2,774.43
Profit before tax	695.84	3,535.36
Less: Provision for taxation (including deferred tax and fringe benefit tax)	63.18	1,143.34
Profit after tax	632.66	2,392.02
Add: Tax relating to earlier years	-	155.68
Dividend set off	56.41	-
	689.07	2,547.70
Surplus brought forward from previous year	866.64	4,123.91
Total	1,555.71	6,671.61
Appropriations:		
Tax relating to earlier years	2.78	-
First Interim dividend	189.73	384.10
Second Interim dividend	-	331.93
Proposed final dividend	189.68	-
Tax on dividend	-	121.69
Transfer of profit to WABCO-TV S (INDIA) Limited on demerger of the demerged undertaking	-	3,435.13
Transfer to general reserve	63.27	1,532.12
Surplus in profit and loss account	1,110.25	866.64
	1,555.71	6,671.61

3. CHANGE IN STATUS OF THE COMPANY

In terms of the Scheme of arrangement between the Company and M/s WABCO-TV S (India) Limited and their respective shareholders and creditors sanctioned by the Hon'ble High Court of Madras vide its order dated 20th February 2008, the share transfer obligations between promoters of the Company, have since been complied with as envisaged in the said Scheme.

Accordingly, the Indian promoters consisting of M/s T V Sundram Iyengar & Sons Limited (TVS), Southern Roadways Limited, Sundaram Industries Limited and Sundaram Finance Limited acquired 74,30,000 equity shares of Rs.5/- each from the foreign promoter, viz., Clayton Dewandre Holdings Limited (CDH) constituting 39.17% of the paid up share capital of the Company. With this acquisition, Indian promoters' holding in the Company

increased from 40.83% to 80% of the paid up share capital of the Company. Consequently, CDH ceased to be a promoter of the Company effective 3rd June 2009.

TVS and its two subsidiaries presently hold 1,29,00,979 equity shares of Rs.5/- each constituting 68.01% of the paid up share capital of the Company. Thus, the Company has become a subsidiary of TVS effective 3rd June 2009, in terms of Section 4(1)(b) read with Section 4(1)(c) of the Companies Act, 1956 (the Act).

The board recorded its deep appreciation of the association, initially with CDH as early as from 1962 (when the Company was formed) later with American Standard when CDH was subsequently taken over by it. Again the brakes business of American Standard devolved on WABCO, which now owns CDH. The relationship remained very cordial with the overseas promoters throughout for nearly five decades. The board also recorded its deep appreciation of the relationship, which helped the Company to diversify into various areas, such as two wheelers and electronics, besides into washing machine business for some time.

The board recorded with a sense of deep regret that it has become inevitable to part ways with the foreign promoters, and consequently to accept resignation of directors representing them on the board.

4. DIVIDEND

During the year, the board declared an interim dividend of Re.1/- per share (20%) on 1,89,67,584 equity shares of Rs.5/- each. It was paid to the shareholders on 19th December 2008.

The board has recommended a final dividend of Re.1/- per share, i.e 20% for the year ended 31st March 2009, absorbing a sum of Rs. 189.68 lakhs for approval of the shareholders in the ensuing annual general meeting. Hence, the total amount of dividend including the final dividend, if approved, for the year ended 31st March 2009 will aggregate to Rs. 2/- per share (40%).

5. BONUS SHARES

The board has recommended issue of bonus equity shares to the shareholders in the proportion of one equity share of Rs.5/- each for every one equity share of Rs.5/- each held by them by capitalizing an equivalent amount standing to the credit of the general reserve account of the Company for approval of the shareholders in the ensuing annual general meeting. The said bonus shares will be issued and allotted to those shareholders whose names appear in the register of members and in the beneficial ownership position held with the depositories as on the record date to be fixed hereinafter.

6. AMENDMENTS TO MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

The board has approved a proposal for amendments to the capital clause of the memorandum and articles of association of the Company for increase in the authorized share capital from Rs.10 crores to Rs.20 crores. This is subject to approval of the shareholders in the ensuing annual general meeting of the Company in order to accommodate the increase in share capital after the proposed issue of bonus shares.



With the exit of the foreign promoters, namely WABCO and they ceasing to be one of the principal shareholders of the Company, it has become necessary to amend certain clauses in the Articles of Association of the Company (AoA). In view of this, the board has proposed to alter certain articles in the (AoA) by deleting references to the promoters and their rights, subject to approval of the shareholders in the ensuing annual general meeting.

The board has considered it desirable to delete references to specific sections of the Act, appearing in the existing AoA and instead make references like "subject to the applicable provisions of the Act" or "under the applicable provisions of the Act" etc. wherever the context so requires. subject to approval of the shareholders in the ensuing annual general meeting, in view of the proposed sweeping changes in the existing Act and consequent radical reduction in the number of sections in the said Act.

The board has also approved a proposal to include certain object clauses in the memorandum of association for authorizing the Company to undertake a new business, namely for setting up power plant for generation / distribution of power for captive use as well as for sale to others, subject to the approval of the shareholders of the Company through postal ballot, for which a separate notice together with the relevant papers will be sent individually to all the shareholders for seeking their approval through postal ballot.

The existing Article 110(a) of AoA provides for appointment of not less than six and not more than twelve directors. Considering the expansion and diversification plans of the Company, the board felt it desirable to fix the limit at sixteen so that this would enable the Company to have, if considered necessary, experienced persons in the related fields on the board, where the Company may plan to expand / diversify in the future.

Hence, the board has proposed an amendment to the existing article dealing with limit by fixing the maximum limit at sixteen, subject to the approval of the shareholders in the ensuing annual general meeting and of the Central Government, since any increase beyond the existing limit of twelve provided in the article will require the approval of the Central Government.

7. PERFORMANCE

During the year under review, the medium / heavy commercial vehicles segment recorded a negative growth of 34.7%, while the light commercial vehicle segment also registered a negative growth of 11.6%. Car segment achieved a positive growth of 3.4% and two wheeler segment registered a growth of 4.9%.

Against this backdrop, the die casting division sold 17,633 tonnes of castings against 15,501 tonnes of castings sold in 2007-08, registering a growth of 14%. The Company achieved sales of Rs.49,237 lakhs during 2008-09 as against Rs.42,693 lakhs in 2007-08, registering a growth of 15%.

With the intensification of global financial crisis, the heavy commercial vehicles experienced an unprecedented year with a steep fall in demand during the second half of the year. On export front, North American class 8 trucks market witnessed a negative growth of 2%, while the class 5-7 trucks market witnessed a negative growth of 30%. Similarly, the Europe medium and heavy trucks witnessed a negative growth of 17%.

Against this backdrop, exports sales registered a growth of 19% at Rs.19,745 lakhs against Rs.16,589 lakhs achieved in 2007-08.

8. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. Industry Structure and Development

Domestic

During the financial year 2008-09, the GDP growth slowed down considerably from 9% in financial year 2007-08 to 6.7% due to the world-wide economic slowdown in the second half of the year. This affected most businesses and hence industrial production has dropped steeply leading to significant reduction in freight movement. High volatility in oil and commodities' prices, adverse movement of INR with respect to major currencies, high interest rates and poor availability of finance have impacted the demand for all types of vehicles.

Poor liquidity and consequent steep increase in interest rates combined with low consumer confidence, suppressed the demand for vehicles for personal transportation. Despite new launches and discounts by Original Equipment Manufacturers (OEMs), the domestic sales barely managed to stay at previous year levels. However, the exports of Cars and Multi Utility Vehicles (MUVs) registered a growth of 54% driven by demand for fuel efficient small cars in Europe.

The adverse economic conditions mentioned above, muted the demand for two wheelers in India and the domestic sales grew by a mere 2.6% whereas exports registered a healthy growth of 22.5%.

Sales of commercial vehicles were particularly hit and auto majors like Tata Motors Ltd, Ashok Leyland Ltd had cut down their production during the second half of the year. While the stimulus packages of Government of India to revive the economy resulted in recovery of some segments of the automotive industry, the commercial vehicles segment continued to witness the low-demand scenario throughout the year and reported 24% drop in production as can be seen from the following table:

Table with 4 columns: Category, 2008-09, 2007-08, Growth. Rows include Medium and Heavy Commercial Vehicles (M&HCV), Light Commercial Vehicles (LCV), Cars & MUVs, Three wheelers, and Two wheelers.

(Source: SIAM)

Exports

With intensification of global financial crisis and significant slowdown witnessed in world economy, the heavy commercial vehicles experienced an unprecedented year with a steep fall in demand during the second half of the year.

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

Table with 5 columns: Market, Category, 2008-09, 2007-08, Growth. Rows include North America Class 8 Trucks, North America Class 5-7 Trucks, and Europe Medium & Heavy trucks.

(Source: ACT Research)



Though the production of Class 8 trucks in North America in 2008-09 is lower only by 2% over the previous year, it is important to note that the production during the second half of the year is lower by 32% over first half.

Similar trend was noted in the production levels of Class 5-7 Trucks also. While the annual sales declined by 30% over 2007-08, the production in second half of the year was lower by 42% compared to the second half of the previous year.

The production of heavy trucks in Europe fell by 17% in 2008-09. However, the production recorded a drop of 38% during the second half of the year when compared to corresponding period in previous year.

II. Business outlook and overview

The strains of global economic slowdown are expected to exert pressure on India's GDP during this year and it is expected to grow only by 6% as per the latest RBI notification (28th July, 2009) resulting in continuation of the current conditions of subdued demand. The official figures of inflation are already very low, though the food prices are still at very high level. Lower than average rainfall during the current Khariff season in several parts of our country, could result in lower production of food grains and animal fodder. In this background, the following growth rates are forecasted in the key macro-economic indicators:

Services sector	: 8%
Agricultural sector	: 2.2%
Index of Industrial Production	: 4%

The growth in domestic automotive industry is expected to slow down further during 2009-10 due to continued recessionary trends. While the passenger car segment is estimated to register a growth of 6%, the two wheeler segment is expected to be flat. The domestic M&HCV segment is expected to decline by 20%.

The sale of Class 8 trucks and class 5-7 in the North American market are expected to decline by 47% and 35% respectively and European heavy truck sale is expected to drop by 45% over 2008.

III. Opportunities & Threats

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

The projected growth of the domestic car industry and the ambitious export programme of OEMs are likely to benefit the Company. New orders that have been received from existing domestic customers will be met during 2009-10.

The Company's sale of products to heavy commercial vehicle industry is estimated to be lower in view of significant decline expected during 2009-10.

Issues of environmental pollution and increasing labour costs in shrinking markets are forcing the Global OEMs and Tier 1 companies to increase sourcing of low technology parts like castings and forgings from low cost countries. The Company is already a preferred source for some major OEMs abroad and this provides additional opportunities for growth. However, many Indian die casting companies and new manufacturers are either setting up new capacities or expanding existing capacities to cater to this new demand, resulting in increased competition for export of castings in the future.

The OEM customers across the world are continuing their pressure on price reduction from their suppliers and our Company also will have to pass on some of the learning curve benefits in the form of annual price reductions. However, the Company's supply contracts provide for periodic price adjustments indexed to the international prices of aluminum and this should offer some protection from volatility of the commodities' prices.

IV. Risks and concerns

Economy

The current global meltdown and credit crisis are negatively impacting the customer and could continue to result in reduced demand for castings during the year, which is expected to affect the business of the Company significantly.

The economic recovery of US and Europe is not expected until 2010 and hence the capacity utilization by the Company is likely to remain low during the current year.

The Indian economy is expected to show a slow recovery during second half of the year. Below normal rainfall will have a significant impact on the recovery of Indian economy.

Consumer interest rates witnessed an upward movement in the second half of 2008-09. Tightening liquidity, non-availability of finance and hardening interest rates would affect vehicle demand, which could impact the Company's sales to OEMs and Tier 1 customer.

Industry specific

The Company caters to the requirements of the automotive industry. The revenue of the Company is significantly dependent on global commercial vehicle industry. The commercial vehicles, due to its strong linkages with the economy, would continue to be impacted by slowdown in economic growth. This would impact Company's sale to commercial vehicle industry. However, the Company has strengthened its position as preferred supplier to less cyclical segments like passenger cars and two wheelers.

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

The Company is developing various new products for new platforms of global customers. These new projects are expected to ramp up during the second half of the current financial year. The global economic slowdown could significantly impact the projections of OEMs for these new platforms. This may have an impact on the Company's new product sales.

Sourcing

Global commodity prices witnessed unprecedented volatility during second half of 2008-09. However, the commodity prices are likely to stabilize as the demand for commodities increases with gradual recovery of global economic situation. No shortage of aluminium is expected.

Forex

The Company's exports constitute 30% of the turnover and imports constitute 73% of material consumption. Further, the Company has foreign currency borrowings in the form of External Commercial Borrowings.



Movements in exchange rates and volatility in the foreign exchange markets could significantly affect the bottom line. The continued hardening of the Indian Rupee will affect the Company's competitiveness in the export market and profit performance.

Contractual

The stringent specifications and requirements of the automobile industry demands high quality products and strict adherence to manufacturing processes. Quality is, therefore, monitored closely. Although every reasonable precaution is taken, defects may lead to incurring considerable expenses for rework or product recall in rare cases. Appropriate recall and product liability insurance in line with standard industry practice has been taken to minimize the risks. However, the Company may incur premium freights to meet the contractual obligations of on-time delivery.

Capacity utilization

The Company has set up capacities to meet forecasted demand of customers. The capacity utilization is expected to be lower during the current year in view of lower off-take from customers against the projected demand. The Company is working with its customers for increased market share and thus its capacity utilization.

The Company continuously identifies and implements capital productivity improvement projects and freed up capacities are assigned to new projects.

V. Internal control system and their adequacy

The Company has in place adequate internal control system. The documented procedures covering all financial and operating functions are in place. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper controls on accounting, operations monitoring, protecting assets from unauthorized use or losses, compliances with regulations and for ensuring reliability of financial reporting. The Company has continued its efforts to align all its processes and controls with global best practices in these areas as well.

The internal controls are supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures. The status of the observations made during the internal audit is reviewed by the audit committee of the Board of Directors and concerns if any are reported to the Board.

VI. Operations review

A. Manufacturing

The Company implemented the best practices such as Total Quality Management (TQM), 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 actions are implemented to improve manufacturing quality and productivity in all the manufacturing locations.

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

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-science technology, training, effective quality system, continuous improvement methodology and total employee involvement. Mistake-proofing, process audits, utilization of statistical tools for process optimization and control 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 at Sundaram-Clayton Limited. 100% employee involvement has been successfully achieved for the 10th consecutive year.

Employees have completed more than 505 projects by applying statistical tools through Quality Control Circles (QCC) in 2008-09. The average number of suggestions implemented per employee in 2008-09 is 51.

C. Cost management

The Company continues its rigorous focus on its costs through an effective cost management system. Maximizing export benefits, sourcing of raw materials from Free Trade Agreement (FTA) countries, value engineering, reducing process scrap and operational efficiency projects are being pursued for cost reduction and also to insulate from cost escalation. TPM initiatives are deployed Company-wide to achieve reduction in manufacturing cost.

D. Information Technology

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

VII. Human Resource Development

A cordial industrial relations environment prevailed at all the manufacturing units of the Company during the year.

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

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

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

People are encouraged to take up higher responsibilities and stretch assignments from the very early stages of their career. Periodic job

rotations help the employees to get a broad perspective to assume leadership roles in future.

As of 31st March 2009, the Company had 2,337 employees on its rolls.

VIII. Environment & Safety

Safety management is integrated with the overall Environment, Health and Safety (EHS) management system. Padi and Hosur plants are certified for OHSAS 18001. The Company has implemented Integrated Management System (IMS) combining ISO 14001 and OHSAS 18001 systems and procedures.

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

- Introduction of automatic idle timer machine control off
- Optimisation of pump horsepower
- Use of energy efficient lighting system without sacrificing luminosity

- Introduction of thyristor control drives
- Introduction of VFD in PDC machines.
- Power factor improvement
- Optimising furnace power capacity by introducing single pre-heater system
- Introduction of screw compressor in place of reciprocating compressor.

IX. Community development and social responsibility

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

X. Financial / operational performance

The financial and operational performance for the year 2008-09 as compared to the previous year is furnished in the following table:

Particulars	Year ended 31 st March 2009		Year ended 31 st March 2008	
	Rs. in lakhs	%	Rs. in lakhs	%
Sales	49,236.99	93.13	42,693.28	92.53
Other income	3,632.88	6.87	3,448.42	7.47
Total income	52,869.87	100.00	46,141.70	100.00
Raw materials consumed	26,640.99	50.39	20,120.30	43.61
Cost of traded goods sold	1,033.63	1.96	1,444.79	3.13
Staff cost	6,024.04	11.40	5,108.64	11.07
Stores and tools consumed	4,122.02	7.80	3,807.95	8.25
Power and fuel	2,543.77	4.81	2,147.40	4.65
Repairs and maintenance	1,720.69	3.25	1,768.51	3.83
Other expenses	4,776.66	9.03	4,353.54	9.44
Interest - net	2,207.17	4.17	1,080.78	2.34
Depreciation	3,105.06	5.87	2,774.43	6.01
Total expenditure	52,174.03	98.68	42,606.34	92.33
Profit before tax	695.84	1.32	3,535.36	7.67
Provision for taxation				
- Current tax	-	-	900.00	1.95
- Fringe benefit tax	51.00	0.10	58.18	0.13
- Deferred tax	12.18	0.02	185.16	0.40
Profit after tax	632.66	1.20	2,392.02	5.19



XI. Cautionary Statement

Statements in the management discussion and analysis report describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

9. AMALGAMATION

During the year under review, the Company on 21st August 2008 acquired the entire paid up capital of M/s Auto (India) Engineering Limited (AIEL) consisting of 50,000 equity shares of Rs.10/- each aggregating to Rs. 5,00,000/-, from another wholly owned subsidiary, namely M/s Anusha Investments Limited (AIL). AIEL became a wholly owned subsidiary of the Company effective 21st August 2008.

Subsequently, the boards of both the Company and AIEL decided to amalgamate AIEL with the Company to achieve synergies in business activities and eliminate duplication of costs of administration since both the companies were pursuing similar objectives. Accordingly, the boards of the respective companies approved a scheme of amalgamation for transferring/vesting all assets, liabilities, duties, rights, obligations of AIEL in the Company from the Appointed date, namely 1st October 2008.

After completing the required legal formalities in terms of section 391-394 of the Companies Act, 1956, the Hon'ble High Court of Madras sanctioned the said Scheme vide its order dated 1st July 2009 and dissolved AIEL in pursuance of the said Scheme. Accordingly, all assets and liabilities, duties, rights and obligations of AIEL stood vested in the Company and AIEL ceased to be a subsidiary of the Company from the effective date, namely 6th July 2009. The entire investment held by the Company amounting Rs.5.01 lakhs stood cancelled and extinguished in accordance with the said Scheme.

10. SUBSIDIARY COMPANIES

A. CLASSIFICATION OF INVESTMENTS

The Company's concentration in automotive related businesses over five decades has enabled it to achieve manufacturing excellence, and earn prestigious TQC and TQM awards. The Company is exploring to diversify in related fields.

In order to have greater focus on automotive related businesses, various alternatives are being examined including hiving off, in a tax efficient manner, the investments made in the last two decades in electronics industry related entities, so that separate focus can be given to them.

Following this approach, in the current year's accounts, investments in such non-auto related fields are specifically distinguished under a separate heading as 'Non-auto related business and investments'.

B. AUTO-RELATED INVESTMENTS

During the year, AIEL, a wholly owned subsidiary of the Company, ceased to be a subsidiary of the Company effective 6th July 2009 consequent to its dissolution in terms of the Scheme of amalgamation sanctioned by the Hon'ble High Court of Madras vide its order dated 1st July 2009.

During the year, M/s.TVS Motor Credit Limited (TVMCL) was promoted by another wholly owned subsidiary, namely M/s.TVS Investments Limited (TVSI) on 5th November 2008. Hence, TVMCL became a subsidiary of the Company in terms of section 4(1)(c) of the Companies Act, 1956 effective 5th November 2008. Subsequently, the name 'TVMCL' was changed to TVS Credit Services Limited (TCSL). As the entire paid up capital of this Company was acquired from TVSI by another body corporate, TCSL ceased to be a subsidiary of TVSI and also as a subsidiary of the Company effective from that date, viz., effective 24th April 2009.

C. NON-AUTO RELATED INVESTMENTS

Subsequently, as part of restructuring of their core and non-core business activities among TVS-E Cluster companies, the shareholding by TVSI and its subsidiaries was rearranged.

D. SUMMARY OF SUBSIDIARIES

As of 31st March 2009, the following are the subsidiaries of the Company:

S. No.	Name of the Company	Subsidiary of
Auto related Investments		
1.	Anusha Investments Limited	Sundaram-Clayton Limited
2.	Auto (India) Engineering Limited	Sundaram-Clayton Limited
3.	TVS Motor Company Limited	Sundaram-Clayton Limited
4.	Sundaram Auto Components Limited	TVS Motor Company Limited
5.	TVS Motor (Singapore) Pte. Limited	TVS Motor Company Limited
6.	TVS Motor Company (Europe) B.V	TVS Motor Company Limited
7.	PT. TVS Motor Company Indonesia	TVS Motor (Singapore) Pte. Limited
Non-auto related investments		
8.	TVS Investments Limited	Sundaram-Clayton Limited
9.	TVS Electronics Limited	TVS Investments Limited
10.	TVS Finance and Services Limited	Sundaram-Clayton Limited
11.	TVS Credit Services Limited	TVS Investments Limited
12.	Sravanaa Properties Limited	TVS Investments Limited
13.	TVS Capital Funds Limited	TVS Investments Limited
14.	TVS-E Access India Limited	TVS Investments Limited
15.	TVS-E Servicetec Limited	TVS Investments Limited
16.	Tumkur Property Holdings Limited	TVS Electronics Limited
17.	Prime Property Holdings Limited	TVS Electronics Limited

11. CONSOLIDATED ACCOUNTS

In terms of Accounting Standard 21 prescribed by The Institute of Chartered Accountants of India/Companies (Accounting Standards) Rules, 2006, the accounts of the subsidiaries are consolidated with

the accounts of the Company and the consolidated accounts form part of this report.

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

The Central Government vide its letter No.47/602/2009-CL-III dated 3rd August 2009 granted exemption from attaching the audited accounts and reports of the subsidiaries with that of the Company for the year ended 31st March 2009. This would help the Company to save considerable costs in printing and mailing.

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

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

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

12. DIRECTORS

During the year under review, Ms Pascale F Rahman resigned from the board effective 8th December 2008. Ms Nadia Meliti was appointed as a director effective 15th December 2008.

Following the completion of the obligations on transfer of shares between promoters, effected in terms of the Scheme of Arrangement between the Company and WABCO-TVS (INDIA) Limited and their respective shareholders and creditors sanctioned by the Hon'ble High Court of Madras vide its order dated 20th February 2008, the directors representing CDH viz., Dr Christian Wiehen, Mr Nikhil Madhukar Varty, Mr Leon Liu and Ms Nadia Meliti resigned effective 19th June 2009. Similarly, Mr D E Udhwadia and Mr D D Udeshi also resigned from the board effective 24th June 2009 and 26th June 2009 respectively.

The board wishes to place on record its deep appreciation of the contribution made by Mr D E Udhwadia, his association with the Company since 1980s in general and especially the special assistance and help provided by him when the Company offered its shares for the first time to public in 1982.

The board also records the valuable services of Mr D D Udeshi, who has been associated with the Company for a long time, and his significant role in different phases of Company's growth during the last three decades.

The board also records its deep appreciation of services and contributions made by the directors representing CDH viz., M/s. Christian Wiehen, Nikhil Madhukar Varty, Leon Liu and Nadia Meliti. All these directors have made distinct and significant contribution in general for the growth of the Company and more especially in the implementation of the demerger proposal.

The board appointed Mr Suresh Kumar Sharma, Mr S Santhanakrishnan and Mr V Subramanian, as additional directors of the Company in terms of section 260 of the Companies Act, 1956. They are non-executive and independent directors for the purpose of Listing Agreement. They will be eligible to hold office upto the date of the ensuing annual general meeting of the Company and, are eligible for re-appointment, as directors of the Company, in the ensuing general meeting.

M/s. Gopal Srinivasan and Vice Admiral P J Jacob (Retd.), directors will be retiring at this annual general meeting and, being eligible, offer themselves for reappointment.

During the year, Mr Venu Srinivasan was reappointed as managing director of the Company, effective 23rd May 2009 by the board at its meeting held on 27th April 2009 on such terms and conditions to be approved by the shareholders at the ensuing annual general meeting of the Company.

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

13. AUDITORS

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

14. STATUTORY STATEMENTS

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

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

Particulars of employees

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

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

Directors' Responsibility Statement

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



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- (i) that in the preparation of annual accounts for the financial year ended 31st March 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the directors had prepared the accounts for the financial year ended 31st March 2009 on a "going concern basis".

15. CORPORATE GOVERNANCE

The Company has complied with the provisions of Listing Agreement concerning corporate governance and a report to this effect is attached to this report as required by Clause 49 of the Listing Agreement with the stock exchanges. A certificate issued by the auditors of the

Company regarding compliance of conditions of corporate governance, is also annexed to the said report.

The managing director (CEO) and the executive vice-president (finance) and secretary (CFO) of the Company have certified to the board on financial statements and other matters in accordance with clause 49 (V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31st March 2009.

16. ACKNOWLEDGEMENT

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

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

The directors wish to place on record their appreciation of the continued excellent work done by all the employees of the Company during the year. The directors specially thank the shareholders for their continued faith in the Company.

For and on behalf of the board

Chennai
26th August 2009

GOPAL SRINIVASAN
Director

VENU SRINIVASAN
Managing Director

Annexure I to the Directors' report

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

A. CONSERVATION OF ENERGY

1. Measures taken:

- (i) Introduced 572 CFM compressor for optimized power savings on compressor;
- (ii) Introduced power factor controller in incoming power supply from TNEB supply;
- (iii) Replacement of 250W in place of 400W MH lamp in shop floor without compromising on illumination and lux levels – 57 nos;
- (iv) Introduced idle timer cut off in Gravity Die Casting (GDC) machines (26 numbers), Pressure Die Casting (PDC) machines (16 numbers) and trimming presses (8 numbers).
- (v) Introduced Thyristor drives in furnaces in GDC;
- (vi) Horizontally deployed Variable Frequency Drives (VFD) in 250T and 400T machines;
- (vii) Introduced single preheating system for 2 tower furnaces; and
- (viii) Replaced three 30HP motors in cooling tower by introducing one 7.5HP submersible pump.

The above measures have resulted in an annual saving of about Rs. 20.4 lakhs.

2. Proposed measures:

- (i) Modifying the HP cartridges in 660T machine by reducing oil flow from 28 GPM to 14 GPM without affecting the performance of the machines;
- (ii) Horizontal deployment of Thyristor control in holding furnaces;
- (iii) Maintaining die temperature by controlling water flow in the die and eliminated thermoregulation unit thereby reducing power consumption;
- (iv) Reducing power in holding furnace by sequencing switching on pattern on Sundays;
- (v) Interfacing auto ladling and furnace lid closing thereby reducing heat dissipation;
- (vi) Introducing dynamic auto power factor controller in transformer
- (vii) Changing lining material to sill board instead of glass wool in melting furnace to reduce radiation loss (F13 and F14 furnace);
- (viii) Horizontally deploying VFD in 400T machines (2 numbers); and
- (ix) Optimising hydraulic motor RPM in 250T machines.

This will result in a saving of about Rs.17.5 lakhs per annum.

B. TECHNOLOGY ABSORPTION

Research & Development (R & D)

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

Completed activities:

- (a) Establishment of state-of-the-art continuous heat treatment technology for aluminium castings;
- (b) Development of fatigue testing procedures for component evaluation;
- (c) Development of technologies for reducing the consumption of furnace oil during melting;
- (d) Established Industry-Institute linkage through CAR (Core-group on Automotive R&D) Programme for development of semi solid and squeeze casting processes at IISc, Bangalore are in progress;
- (e) Design and development of automated bend removal process;
- (f) 83 Nos. die cast products developed;
- (g) Exploratory study conducted for development of magnesium components for automotive applications; and for development of aluminium components for aerospace industries.

Ongoing activities:

- (a) Development of semi solid processing and squeeze casting technology to produce high integrity castings;
- (b) Rationalization of alloys;
- (c) Development of prototype castings through sand casting route;
- (d) Development heat treatment processes for high pressure die cast part;
- (e) Development of coatings for enhancing die life;
- (f) Development of magnesium components for automotive applications; and
- (g) Development of aluminium components for aerospace industries.

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

- (a) Energy saving;
- (b) New die cast products developed for customers;
- (c) Improved product quality by optimization of heat treatment processes;
- (d) Validation of product life by performance testing;
- (e) Ideas generated for new businesses; and
- (f) Upgradation of Technical skill of employees.



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3. Future plan of action:

- (a) Development of technologies for alternate fuels and hybrids for melting to conserve energy;
- (b) Develop suppliers for purchase of liquid metal;
- (c) Development of heat treatment technology for aluminium HPDC castings to increase structural integrity of safety critical parts;
- (d) Development of investment casting technology for aluminium alloys;
- (e) Development of non heat treatable high strength aluminium alloys;
- (f) Development of High pressure die casting magnesium components; and
- (g) Development of aluminium components for aerospace applications.

4. Expenditure on R & D:

Rs. in lakhs

Capital expenditure	30.78
Recurring expenditure (including salaries)	556.71
Total	<u>587.49</u>
Total expenditure as percentage of sales turnover	1.22%

Technology absorption, adaptation and innovation:

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

Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

EXPORT ACTIVITIES:

Export during the year ended 31st March 2009 amounted to Rs. 19,751.34 lakhs as against Rs. 16,589.67 lakhs for the year ended 31st March 2008.

Total foreign exchange used and earned:

a) Foreign exchange used	Rs. 28,140.34 lakhs
b) Foreign exchange earned	Rs. 19,751.34 lakhs

For and on behalf of the board

Chennai	GOPAL SRINIVASAN	VENU SRINIVASAN
26 th August 2009	Director	Managing Director

Report on Corporate Governance

1. Company's philosophy on code of governance

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

2. Board of directors

2.1 Composition and category of directors:

As of 31st March 2009, the board consists of twelve directors. All the directors except managing director are non-executive directors.

Ms Nadia Meliti was appointed as a director of the Company w.e.f. 15th December 2008 in the casual vacancy caused by the resignation of Ms Pascale F Rahman effective 8th December 2008.

Following the completion of the transfer of shares between promoters, in terms of the Scheme of Arrangement between the Company and M/s. WABCO-TVS (INDIA) Limited and their respective shareholders and creditors sanctioned by the Hon'ble High Court of Madras vide its order dated 20th February 2008, the directors representing as nominees of the foreign promoters, viz., M/s Clayton Dewandre Holdings Limited (CDH), viz., Dr. Christian Wiehen, Mr Nikhil Madhukar Varty, Mr Leon Liu, Ms Nadia Meliti (all of them with effect from 19th June 2009), Mr D E Udawadia (with effect from 24th June 2009) and Mr D D Udeshi (with effect from 26th June 2009), directors of the Company resigned from the board.

Subsequently, Mr Suresh Kumar Sharma, Mr S Santhanakrishnan and Mr V Subramanian were appointed as additional and non-executive directors of the Company effective 15th July 2009.

Out of the eight non-executive directors, four directors viz., M/s Vice Admiral P J Jacob (Retd), Suresh Kumar Sharma, S Santhanakrishnan and V Subramanian are independent directors. In terms of the articles of association of the Company, in the absence of a regular chairman, either managing director or one of the directors chosen by the directors in every meeting, will be the Chairman to preside over that meeting of the board. The number of independent directors is more than one third of its total strength, since there is no executive chairman. Thus, the Company meets with the requirements of composition of the board as per the Listing Agreement.

2.2 Board meetings:

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

During the year 2008-2009, the board met 8 times on 9th April 2008, 1st May 2008, 7th May 2008, 23rd July 2008, 18th August 2008, 20th October 2008, 8th December 2008 and 23rd January 2009 and the gap between two meetings did not exceed four months.

2.3 Attendance and other directorships:

The details of attendance of the directors at the board meetings during the year and at the last annual general meeting held on 25th September 2008 and also the number of other directorships and committee memberships/chairmanships as on 31st March 2009 are as follows:

Name of the director M/s.	Category	Attendance particulars		Number of directorships and committee memberships / chairmanships		
		Board meeting	Last AGM	Other directorships*	Committee memberships **	Committee chairmanships
Suresh Krishna (resigned as Chairman w.e.f 23.07.08)	NE-I	4	Yes	9	5	2
Venu Srinivasan	MD	8	No	17	5	2
Gopal Srinivasan (resigned as JMD w.e.f 18.08.08)	NE-NI	4	Yes	17	2	-
K Mahesh	NE-I	5	Yes	6	2	-
T K Balaji	NE-NI	4	Yes	13	4	1
D E Udawadia (resigned w.e.f 24.06.09)	NE-I	7	Yes	21	10	1
D D Udeshi (resigned w.e.f 26.06.09)	NE-I	6	Yes	6	-	-
Vice Admiral P J Jacob (Retd.)	NE-I	8	Yes	2	2	2
Dr Christian Wiehen (resigned w.e.f 19.06.09)	ND	-	No	2	-	-
Nikhil Madhukar Varty (resigned w.e.f 19.06.09)	ND	-	No	2	-	-



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Name of the director M/s	Category	Attendance particulars		Number of directorships and committee memberships / chairmanships		
		Board meeting	Last AGM	Other directorships*	Committee memberships **	Committee chairmanships
Leon Liu (resigned w.e.f 19.06.09)	ND	-	No	11	-	-
Pascale F.Rahman (resigned w.e.f 08.12.08)	ND	2	No	10	-	-
K S Shah (AD to Leon Liu) (ceased w.e.f 15.06.09)	AD	6	No	1	3	1
Nadia Meliti (appointed w.e.f 15.12.08 and resigned w.e.f 19.06.09)	ND	1	NA	-	-	-

* includes private companies and bodies corporate

** includes committees where the director is also chairman.

MD : Managing director / JMD : Joint Managing director
 NE-I : Non executive - Independent director
 NE-NI : Non executive - Non-independent director
 ND : Nominee director (Nominated by the collaborators)
 AD : Alternate director

None of the directors is a member of more than 10 board level committees or chairman of more than 5 such committees across all companies as covered under clause 49 of the Listing Agreement, as per the disclosures made by the directors.

2.4 Access to information and updation to directors:

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

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

2.5 Code of Business Conduct and Ethics for members of the board and senior management Personnel:

The Company has in place the Code of Conduct for Business and Ethics for members of the board and senior management personnel (the Code) approved by the board. The Code has been communicated to directors and the senior management personnel. The Code has also been displayed on the Company's website www.sundaramclayton.com. All the board members and senior management personnel have affirmed compliance with the Code for the year ended 31st March 2009. The annual report contains a declaration to this effect signed by the managing director and company secretary of the Company as compliance officer of the Code.

2.6 Appointment of Directors

In terms of clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief resume of directors, proposed to be appointed / reappointed, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholdings and their relationships with other directors are provided in the notice convening the ensuing annual general meeting of the Company.

3. Audit Committee

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

3.1 Brief description of terms of reference:

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

- Overseeing the Company's financial reporting process and the disclosure of financial information.
- Reviewing with the management quarterly and annual financial statements before submission to the board for approval with particular reference to the matters specified in the Listing Agreement.
- Reviewing the related party transactions.
- Reviewing the reports of Internal Auditors and ensuring that adequate follow-up action is taken by the management on observations and recommendations made by the internal auditors.
- Recommending to the board the appointment / re-appointment / replacement of the statutory auditors and the fees payable for audit and for other services rendered by the statutory auditors.
- Reviewing with the management, the performance of statutory and internal auditors.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit functions and systems, structure, reporting process, audit coverage and frequency of internal audit.
- Discussion with external auditors regarding audit plan as well as post-audit discussion to ascertain any area of concern.

- j. Ascertainment of reasons for substantial defaults in the payment to creditors and in case of payment of declared dividends to the shareholders.
- k. Review of management discussion analysis of financial conditions and results of operations and other matters specified under clause 49 of the Listing Agreement.
- l. Review of financial statements, in particular the investments made by the unlisted subsidiary.
- m. In addition, review of such other functions as envisaged under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchanges.

3.2 Composition, name of members and the chairman:

As of 31st March 2009, the audit committee consists of the following independent and non-independent directors:

Name of the director (M/s.)	Status
Vice Admiral P J Jacob (Retd.)	Non-executive and Independent director
D E Udawadia (*)	Non-executive and Independent director
K S Shah (Alternate director) (*)	Non-executive and Independent director
T K Balaji	Non-executive and Non-independent director
V Subramanian (**)	Non-executive and Independent director

(*) Ceased members of the Committee consequent to their resignation from the board.

(**) Mr. V Subramanian was appointed as member of the Committee with effect from 15th July 2009.

Vice Admiral Mr P J Jacob, independent director, is the chairman of the audit committee. Mr V N Venkatanathan, executive vice-president (finance) & secretary of the Company acts as the secretary of the Audit Committee. Chairman of the Audit Committee was present at the annual general meeting held on 25th September 2008. The composition of the committee is in accordance with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

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

Date of the meeting	Members present (M/s)
1 st May 2008	Vice Admiral P J Jacob, D E Udawadia and K S Shah
23 rd July 2008	Vice Admiral P J Jacob, D E Udawadia, T K Balaji and K S Shah
18 th August 2008	Vice Admiral P J Jacob and D E Udawadia
20 th October 2008	Vice Admiral P J Jacob, D E Udawadia and K S Shah
23 rd January 2009	Vice Admiral P J Jacob, D E Udawadia and K S Shah
13 th March 2009	Vice Admiral P J Jacob, D E Udawadia and K S Shah

4. Subsidiary Companies:

- 4.1 The Company's Indian subsidiaries do not fall under the definition of "material non-listed Indian Subsidiaries"
- 4.2 The audit committee of directors reviews the financial statements and in particular the investments made by unlisted subsidiary companies.

- 4.3 The minutes of the board meetings of unlisted subsidiary companies are periodically placed before the board. The board is periodically informed about all significant transactions and arrangements entered into by the unlisted subsidiaries.

5. Disclosures

5.1. Materially significant related party transactions:

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

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

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

- (i) the related party transactions undertaken by the Company in the ordinary course of business (summary),
- (ii) material individual transactions, if any, which were not in the normal course of business; and
- (iii) material individual transactions, if any, with related parties or others, which were not at arm's length basis.

5.2 Disclosure of accounting treatment:

The Company follows the Accounting Standards issued by The Institute of Chartered Accountants of India and Company (Accounting Standards) Rules, 2006. The Central Government has issued a notification on 31st March 2009 amending the existing AS 11 relating to the 'The effects of changes in foreign exchange rates.' By this amendment, companies are permitted to add to/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. The Company exercised option and capitalized the exchange difference to fixed assets.

5.3 Risk Management:

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

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

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

5.5 Disclosure by senior management personnel:

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

5.6 CEO and CFO Certification:

The managing director (CEO) and executive vice-president – finance and secretary (CFO) of the Company have certified to the board



Sundaram-Clayton Limited

on financial and other matters in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31st March 2009.

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 Management discussion and analysis report:

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

6. Remuneration Committee

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

6.1 Remuneration to directors:

Mr Venu Srinivasan was re-appointed as managing director for a period of five years effective 23rd May 2009 on a remuneration consisting only salary and other perquisites in terms of the agreement entered into between him and the Company on 27th April 2009. A subject seeking the approval of the shareholders for the reappointment and the remuneration of Mr Venu Srinivasan for a further period of five years is included in the notice dated 26th August 2009 convening the 47th annual general meeting of the Company to be held on 29th September 2009.

Mr Venu Srinivasan, managing director, was paid remuneration within the limits stipulated by Schedule XIII to the Companies Act, 1956.

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

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

6.2 Particulars of sitting fees paid to non-executive directors during the financial year 2008-2009:

Name of the director M/s.	Sitting fee (Rs.)
Suresh Krishna	67,500
K Mahesh	60,000
Gopal Srinivasan	45,000
T K Balaji	90,000
D E Udawadia (*)	97,500
D D Udeshi (*)	45,000
Vice Admiral P J Jacob (Retd)	1,05,000
Dr Christian Wiehen (*)	-
Leon Liu (*)	-
Nikhil Madhukar Varty (*)	-
Pascale F Rahman (*)	15,000
K S Shah (*)	82,500
Nadia Meliti (*)	7,500

(*) since resigned.

6.3 Details of shareholdings of non-executive directors in the Company as on 31st March 2009:

Name of the non-executive directors M/s.	No. of Shares
Suresh Krishna *	1,532
K Mahesh *	243
Gopal Srinivasan **	66

* Mr. Suresh Krishna and Mr. K Mahesh, being brothers, are relatives.

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

None of the other directors is related to each other.

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

6.4 Particulars of remuneration paid to managing directors during the financial year 2008-2009:

(Rs. in lakhs)

Name of the Managing Directors M/s.	Salary	Contribution to PF and other funds	Perqui- sites	Commis- sion on profits	Total
Venu Srinivasan	19.50	2.91	3.55	-	25.96
Gopal Srinivasan(*)	8.37	1.11	3.35	4.52	17.35

(*) for part of the year

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

7. Investors' grievance committee:

7.1 The investors' grievance committee consists of four members, viz., M/s Venu Srinivasan, managing director, Suresh Krishna, K Mahesh and T K Balaji, directors of the Company. Mr Suresh Krishna is the Chairman of the Committee. The Committee met 5 times during the year.

7.2 As required by Securities and Exchange Board of India (SEBI), Mr V N Venkatanathan, executive vice-president (finance) and secretary of the Company has been appointed as the compliance officer. For any clarification/complaint, the shareholders may contact Mr V N Venkatanathan, executive vice-president (finance) and secretary of the Company.

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

7.4 Complaints received and redressed during the year 2008-2009:

S. No.	Nature of complaint	No. of complaints
1	Non receipt of share certificates	–
2	Non receipt of dividend warrants	8
3	Non receipt of annual reports	–
4	Other complaints	3
	Total	11

7.5 All the complaints were resolved and, as on 31st March 2009, no complaint was pending.

All requests for dematerialization of shares were carried out within the stipulated time period and no share certificate was pending for dematerialization as on 31st March 2009.

7.6 Secretarial Audit

A qualified practising company secretary carries out secretarial audit on a quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with the total issued and listed capital and the reports are placed before the board for its perusal. The secretarial 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
2005-2006	The Music Academy, New No.168, T T K Road (Mowbrays Road), Chennai 600 014	27.09.2006	10.15 A.M
2006-2007	The Music Academy, New No.168, T T K Road (Mowbrays Road), Chennai 600 014	03.10.2007	10.30 A.M
2007-2008	The Music Academy, New No.168, T T K Road (Mowbrays Road), Chennai 600 014	25.09.2008	10.30 A.M

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

During the last three years, namely 2005-2006 to 2007-2008, there was no requirement to get the approval of the shareholders by passing special resolutions.

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

8.4 Special resolution passed last year through Postal Ballot:

The board sought the consent of shareholders of the Company by way of special resolutions through Postal Ballot as per the notice to the shareholders issued on 20th October 2008, for (1) inserting

a new sub-clause 3A in clause III in the 'main objects' of the memorandum of association of the Company; and (2) for commencement of business activities mentioned in sub-clause 3A of clause III of the memorandum of association of the Company.

These special resolutions were passed by the shareholders of the Company with overwhelming majority. The results of the Postal Ballot are given below:

Particulars	No.& % of votes cast in favour	No. & % of votes cast against
Resolution No. 1	1,22,17,740 – 99.99%	912 – 0.01%
Resolution No. 2	1,22,14,980 – 99.99%	912 – 0.01%

These results were published in the newspapers, namely Business Line and Dinamani and also on the notice board of the registered office of the Company on 10th December 2008 and the same were also published in the official website of the Company.

8.5 Procedure for Postal Ballot

After receiving the approval of the board, the Notice, Explanatory Statement alongwith the Postal Ballot Form and reply paid self addressed envelope, were dispatched to the members to enable them to consider and vote for or against the proposals within a period of 30 days from the date of dispatch. Mr. K Sriram, Practicing Company Secretary, Chennai was appointed as Scrutinizer for conducting the Postal Ballot exercise. The Calendar of Events of the Postal Ballot process was filed with the Registrar of Companies, Chennai, Tamilnadu within the stipulated period. After the last date of receipt of Postal Ballots, the Scrutinizer, after due verification, submitted his report. Thereafter, the results of the Postal Ballot were declared by the Chairman. The same were posted on the website of the Company and at the Registered Office of the Company.

8.6 Proposal for Special Resolution through Postal Ballot

The Company proposes to engage in new business by setting up a power plant for generation / distribution of power for captive use as well as for sale to others. This would require an inclusion of new sub-clauses 7(a) to 7(h) in clause III in the main objects to the Memorandum of Association of the Company by special resolution, subject to approval of shareholders through Postal Ballot.

Notice to the shareholders alongwith relevant papers for seeking their approval for (i) inserting a new clause in III of the 'main objects' of the memorandum of association of the Company; and (ii) for commencement of business activities mentioned in sub-clauses 7(a) to 7(h) of clause III of the memorandum of association of the Company are being sent separately. The results of the Postal Ballot will be announced on 14th October 2009 and the same will be published in the newspapers and also in the official website of the Company.

9. Means of communication to shareholders:

The board believes that effective communication of information is an essential component of corporate governance. The Company regularly interacts with shareholders through multiple channels of communication such as result announcement, annual report, media



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releases, Company's website and subject specific communications.

9.1 Quarterly results:

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

9.2 Newspapers wherein results normally published:

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

9.3 Website:

The Company has in place a website addressed as www.sundaramclayton.com. In terms of clause 51 of the Listing Agreement pertaining to electronic data information filing and retrieval (EDIFAR), the financial results and the quarterly distribution schedules as filed with the Stock Exchanges are uploaded in SEBI-EDIFAR website. These details are also published in the Company's website. The Company makes use of its website for publishing official news release and presentations, if any, made to institutional investors / analysts.

10. General shareholder information

10.1 Annual general meeting:

Date and time : Tuesday, the 29th September, 2009
at 10.35 a.m

Venue : 'Sathguru Gnanananda Hall',
Narada Gana Sabha Trust,
No. 314, TTK Road, Chennai 600 018

10.2 Financial year : 1st April to 31st March

Financial calendar 2009-10 (Tentative):

Financial reporting for

the quarter ending : Financial calendar

30th June 2009 : 21st July 2009

30th September 2009 : between 15th to 31st of October 2009

31st December 2009 : between 15th to 31st of January 2010

31st March 2010 : between 15th to 30th of April 2010

Annual general meeting : August / September 2010
(next year)

10.3 Date of book closure : 8th September, 2009 to 10th September, 2009 (both days inclusive)

10.4 Particulars of dividend payment :

The board has recommended a final dividend of Re. 1/- per share (20%) for the year 2008-2009, absorbing a sum of Rs. 189.68 lakhs for the approval of the shareholders at the ensuing annual general meeting, and if approved by the shareholders, the same will be paid on or after 1st October, 2009.

The board of directors have earlier declared an interim dividend of Re.1/- per share (20%) and the said payment was made on 19th December, 2008. Hence, the total amount of dividend for the year ended 31st March, 2009 amounted to Rs.2/- per share (40%).

10.5 Listing on Stock Exchanges:

Name of the stock exchange	Stock code
Madras Stock Exchange Ltd. (MSE)	-
Bombay Stock Exchange Ltd. (BSE)	520056
National Stock Exchange of India Ltd. (NSE)	SUNCLAYTON
ISIN allotted by depositories (Company ID Number)	INE 105 A 01027

(Note : Annual listing fees for the year 2009-2010 have been duly paid to the above stock exchanges)

10.6 Market Price Data:

Month	Bombay Stock Exchange Limited (BSE) (in Rs.)		National Stock Exchange of India Ltd. (NSE) (in Rs.)	
	Month's high price	Month's low price	Month's high price	Month's low price
April 2008 (*)	684.85	533.15	-	-
May 2008 (**)	-	-	-	-
June 2008	397.80	183.10	498.80	172.00
July 2008	200.00	152.65	200.00	142.85
August 2008	227.70	176.25	205.00	176.00
September 2008	219.95	156.10	210.00	145.25
October 2008	181.80	95.00	174.80	78.60
November 2008	119.85	89.00	125.00	82.25
December 2008	101.15	82.10	117.55	80.55
January 2009	97.85	62.00	97.85	62.50
February 2009	68.90	56.60	71.45	58.15
March 2009	82.70	53.55	86.90	48.25

(*) The share price for the month of April 2008 is with a face value of Rs. 10/- each. This is prior to the split of per share price from Rs. 10/- to Rs. 5/- consequent to the Scheme of Arrangement between the Company and WABCO-TV'S (INDIA) Limited and their respective shareholders and creditors sanctioned by the Hon'ble High Court of Madras vide its order dated 20th February 2008.

(**) Consequent to the suspension of trading of old equity shares with a face value of Rs. 10/- each from the last week of April 2008, there were no trading on the old equity shares in the month of May 2008.

Upon the allotment and listing of 1,89,67,584 equity shares of Rs. 5/- each issued to the shareholders of the Company and WABCO-TVS (INDIA) Limited, the share prices mentioned from the month of June 2008 onwards carry a face value of Rs. 5/- each.

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

Financial year	Percentage change in BSE Sensex		Percentage change in NSE Nifty	
	Company's share price (%)	Sensex (%)	Company's share price (%)	Nifty (%)
2008-2009	-88.89	-37.94	-88.46	-36.19
2007-2008	-40.23	+19.68	-44.15	+24.66
2006-2007	+6.93	+15.89	+9.44	+11.60

The information furnished under clause 10.6 and 10.7 hereinabove are in respect of the equity shares with a face value of Rs.10/- each in respect of the financial years 2006-2007, 2007-2008 and 2008-2009 (for the month of April 2008), which stood cancelled and extinguished in terms of the Scheme of Arrangement between the Company and WABCO-TVS (INDIA) Limited and their respective shareholders and creditors sanctioned by the Hon'ble High Court of Madras vide its order dated 20th February 2008. The trading of the new shares were permitted by the Madras Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited with effect from 20th June 2008.

10.8 Share Transfer System:

- The Company has registered itself with SEBI as share transfer agent (STA) in Category II.
- All matters connected with the share transfer both physical and electronic, dividends and other matters are handled by the Share Transfer Department of the Company located at the address mentioned elsewhere in this report.
- Shares lodged for transfer are normally processed within 10 days from the date of lodgement, if the documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 7 days. Grievances received from shareholders and other miscellaneous correspondence on change of address, mandates etc. are processed by the Share Transfer Department of the Company within 7 days.
- Pursuant to clause 47(c) of the Listing Agreement with Stock Exchanges, certificates on half-yearly basis, have been issued by a Company Secretary-in-practice for due compliance of share transfer formalities by the Company.
- Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-practice for timely dematerialization of shares of the Company and for conducting a secretarial audit on a quarterly basis for reconciliation of the share capital of the Company.
- The Company, as required under clause 47(f) of the Listing Agreement, has designated the following e-mail IDs, namely investorscomplaintsstata@scl.co.in (share transfer department),

vnv@scl.co.in (compliance officer) for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.

- The shareholders are, therefore, requested to correspond with the Share Transfer Department of the Company at the address mentioned elsewhere in this report for any change of names and queries pertaining to the shareholding, dividends etc. at their address given in this report.

10.9 Shareholding pattern as on 31st March 2009:

Particulars	No. of shares of Rs.5/-each	% to total
A) Shareholding of Promoter and Promoter Group		
1. Indian - Bodies Corporate	7,744,064	40.83
2. Foreign - Bodies Corporate	7,430,000	39.17
Total Shareholding of Promoter and Promoter Group (A)	15,174,064	80.00
B) Public Shareholding		
1. Institutions		
a) Mutual Funds	1,040,541	5.48
b) Banks, Financial Institutions, Insurance Companies (Central, State Government Institutions, Non-Government Institutions)	26,967	0.14
c) Foreign Institutional Investors	116,792	0.62
Sub Total Institutions	1,184,300	6.24
2. Non-Institutions		
a) Bodies Corporate	321,756	1.70
b) Individuals <1 lakh	1,949,750	10.28
c) Individuals >1 lakh	302,569	1.59
d) NRI - Repatriable	20,786	0.11
e) NRI - Non-Repatriable	14,359	0.08
Sub Total Non-Institutions	2,609,220	13.76
Total (B)	3,793,520	20.00
Grand Total (A) + (B)	18,967,584	100.00

10.10 Distribution of shareholding as on 31st March 2009

Shareholding (Range)	No. of shares	%	No. of members	%
Upto 5000	19,11,939	10.08	17,947	99.68
5001-10000	1,55,669	0.82	22	0.12
10001-20000	1,93,408	1.02	12	0.07
20001-50000	2,83,922	1.50	8	0.05
50001-100000	4,19,054	2.21	6	0.03
100001 & above	1,60,03,592	84.37	9	0.05
Total	1,89,67,584	100.00	18,004	100.00



Sundaram-Clayton Limited

10.11 Dematerialization of shares and liquidity

Out of 37,93,520 shares held by persons other than promoters, 33,91,782 shares have been dematerialised as on 31st March 2009 accounting for 89.41%.

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
Tel : 044 - 2625 8212
Fax : 044 - 2625 7177

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

Hosur

Hosur - Thally Road
Belagondapalli
Hosur 635 114
Tel : 04347 - 233 445 Extn: 1100
Fax : 04347 - 233 014

Website

www.sundaramclayton.com

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
New No.22, Old No.31
Railway Colony, 3 rd Street
Mehta Nagar, Chennai 600 029
Tel : 044 - 2374 1889,
044 - 2374 2939
Fax : 044 - 2374 1889 |
| (ii) for any query on non-receipt of annual report; and | Email: kr.raman@scl.co.in
investorscomplaintssta@scl.co.in
sclshares@gmail.com |
| (iii) for Investors Grievance & general correspondence | vnv@scl.co.in |

11. Non-mandatory disclosures:

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

11.1 The Board:

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

11.2 Remuneration committee:

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

11.3 Shareholder rights:

The half-yearly results of the Company are published in English and vernacular newspapers and are also displayed on the Company's website, namely www.sundaramclayton.com and in the official website of SEBI, namely www.sebidifar.nic.in. The results are not sent to the shareholders individually.

11.4 Audit Qualifications:

The statutory financial statements of the Company are unqualified.

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

The present board consists of well-experienced and responsible members of society. All the directors are well aware of business model as well as the risk profile of the business parameters of the Company and their responsibilities as directors. Hence, in the opinion of the board, they do not require any further training. There is also no specific mechanism for evaluating the performance of the non-executive directors of the Company.

11.6 Whistle blower policy:

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

12. Request to shareholders:

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

Demat of Shares:

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.

Registration of Electronic Clearing Service (ECS) Mandate:

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 STA or their respective DPs.

Transfer of shares in physical mode:

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

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

Shareholders are requested to note that SEBI has recently issued a circular vide MRD/DoP/Cir - 05/1009 dated 20th May 2009 wherein

it has made it mandatory for transferees to furnish a copy of Permanent Account Number (PAN) for registration of transfer of shares to be held in physical mode.

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

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:

Nomination in respect of shares – Section 109A of the Companies Act, 1956 provides facility for making nominations by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go through the process of obtaining succession certificate / probate of the will etc.

It would, therefore, be in the best interests of the shareholders holding shares in physical form registered as a sole holder to make such nominations. Shareholders, who have not availed nomination facility, are requested to avail the same by submitting the nomination in form 2B. This form will be made available on request. Shareholders holding shares in demat form are advised to contact their DP's for making nominations.

Updation of address:

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

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

SMS Alerts:

Investors are requested to note that National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) have announced the launch of SMS alert facility for demat account holders whereby shareholders will receive alerts for debits / credits (transfers) to their demat accounts a day after the respective transfers. These alerts will be sent to those account holders who have provided their mobile numbers to their Depository Participants (DPs). No charge will be levied by NSDL / CDSL on DPs for providing this facility to investors. This facility will be available to shareholders 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 your right to claim owing to transfer of unclaimed dividends beyond seven years to Investors Education and Protection Fund (IEPF). As required by SEBI, shareholders are requested to furnish details of their bank account number and name and address of the bank for incorporating the same in the warrants. This would avoid wrong credits being obtained by unauthorized persons.

Shareholders who have not encashed their dividend warrants in respect of dividend declared for the financial year ended 31st March 2003 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

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

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

PARTICULARS OF UNCLAIMED DIVIDEND

Financial year	Date of Declaration	Date of transfer to special account	Date of transfer to IEPF
2002-03 (1st Interim)	25.10.2002	30.11.2002	30.11.2009
2002-03 (2nd Interim)	12.06.2003	18.07.2003	18.07.2010
2003-04 (1st Interim)	22.10.2003	27.11.2003	27.11.2010
2003-04 (2nd Interim)	30.04.2004	05.06.2004	05.06.2011
2004-05 (1st Interim)	27.10.2004	02.12.2004	02.12.2011
2004-05 (2nd Interim)	23.06.2005	29.07.2005	29.07.2012
2005-06 (1st Interim)	28.10.2005	03.12.2005	03.12.2012
2005-06 (2nd Interim)	21.04.2006	27.05.2006	27.05.2013
2006-07 (1st Interim)	30.10.2006	05.12.2006	05.12.2013
2006-07 (2nd Interim)	21.03.2007	26.04.2007	26.04.2014
2006-07 (Final)	03.10.2007	08.11.2007	08.11.2014
2007-08 (1st Interim)	30.10.2007	05.12.2007	05.12.2014
2007-08 (2nd Interim & Final)	18.08.2008	23.09.2008	23.09.2015
2008-09 (1st Interim)	08.12.2008	13.01.2009	13.01.2016



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 representations 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 of directors for the year ended 31st March 2009.

VENU SRINIVASAN
Managing Director

V N VENKATANATHAN
Executive Vice President-
Finance and Secretary

Chennai
26th August 2009

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 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

Chennai
26th August 2009

For SUNDARAM & SRINIVASAN
Chartered Accountants

M BALASUBRAMANIAM
Partner
Membership No.F7945

**Auditors' report to the shareholders of M/s.Sundaram-Clayton Limited, Chennai 600 006
for the year ended 31st March 2009**

We have audited the attached balance sheet of M/s.Sundaram-Clayton Limited, Chennai 600 006 as at 31st March 2009, the profit and loss account and the cash flow statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- (iii) the balance sheet and profit and loss account and cash flow statement, dealt with by this report, are in agreement with the books of account;
- (iv) in our opinion, the balance sheet, profit and loss account and the cash flow statement dealt with by this report comply with the accounting standards, referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) on the basis of written representations received from the directors, as on 31st March 2009 and taken on record by the board of directors, we report that no director is disqualified from being appointed as a director of the company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 on the said date;
- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a. in so far as it relates to the balance sheet, of the state of affairs of the company as at 31st March 2009;
 - b. in so far as it relates to the profit and loss account, of the profit of the company for the year ended on that date; and
 - c. in so far as it relates to the cash flow statement, of the cash flows for the year ended on that date.

For SUNDARAM & SRINIVASAN
Chartered Accountants

M BALASUBRAMANIAM
Partner
Membership No. F7945

Chennai
26th August 2009



Auditors' report to the shareholders of M/s.Sundaram-Clayton Limited, Chennai 600 006 for the year ended 31st March 2009.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification at reasonable intervals, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification;
- (c) During the year there was no transfer of assets affecting the going concern status.
- (ii) (a) The inventory including those with third parties, other than in-transit have been physically verified at reasonable intervals during the year by the management. In our opinion the frequency of such verification is adequate.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business;
- (c) In our opinion, the company has maintained proper records of inventory. The discrepancies between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account.
- (iii) (a) During the year, the company has granted unsecured loans to one of its subsidiaries amounting to Rs.1,000 lakhs. (Balance due as at the year end is NIL.)
- (b) During the year, the company has availed and repaid a sum of Rs.1,000 lakhs as unsecured loan from one of its subsidiaries. Apart from this the company has not taken any loans, secured or unsecured, from companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (c) In our opinion, the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the company as regards items (a) and (b) above;
- (d) The company is regular in repaying and recovering the principal amount as stipulated and is also regular in payment and receipt of interest.
- (e) There are no overdue sums recoverable from subsidiaries or companies listed under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management,

we are of the opinion that the contracts or arrangement that need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 have been properly entered in the said register;

- (b) In our opinion and according to the information and explanations given to us, the transactions entered in the register maintained under Section 301 and exceeding during the year by rupees five lakhs in respect of each party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposit from the public.
- (vii) The company has an internal audit system which, in our opinion, is commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government under Section 209 (1)(d) of the Companies Act, 1956 for maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the records provided to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investors Education and Protection Fund, Income tax, Sales tax, Wealth tax, Customs duty, Excise duty, Service tax, Cess and other statutory dues with the appropriate authorities. The die casting division at Belagondapalli near Hosur is not covered under the Employees' State Insurance Act;
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Service tax and Cess were in arrears, as at 31st March 2009 for a period of more than six months from the date they became payable;
- (c) According to the information and explanations given to us, the following are the details of the disputed dues, that were not deposited with the concerned authorities:

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Forum where dispute is pending
Tamilnadu Town and Country Planning Act, 1971	Fee payable to CMDA	57.75	The Hon'ble High Court of Judicature at Madras
The Tamilnadu Tax on Consumption or Sale of Electricity Act, 2003	Tax on electricity consumed	8.84	The Hon'ble High Court of Judicature at Madras
Central Excise Act, 1944	Interest on excise duty	8.45	Central Excise and Service Tax Appellate Tribunal, Chennai



Auditors' report to the shareholders of M/s.Sundaram-Clayton Limited, Chennai 600 006 for the year ended 31st March 2009.

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Forum where dispute is pending
Wealth Tax Act, 1957	Wealth tax	14.61	Commissioner of Income tax (Appeals), Chennai
Service Tax Act, 1994	Service tax	112.39	Central Excise and Service Tax Appellate Tribunal, Chennai

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

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

For SUNDARAM & SRINIVASAN
Chartered Accountants

M BALASUBRAMANIYAM
Partner
Membership No. F7945

Chennai
26th August 2009



Sundaram-Clayton Limited

Balance Sheet as at 31st March 2009

(Rupees in lakhs)

	Schedule number	As at 31.03.2009	As at 31.03.2008
I. SOURCE OF FUNDS			
1. Shareholders' funds			
a) Capital	I	948.38	948.38
b) Reserves and surplus	II	23,011.89	22,963.64
		23,960.27	23,912.02
2. Loans			
a) Secured loans	III	18,230.12	10,605.08
b) Unsecured loans	IV	15,699.76	16,133.09
		33,929.88	26,738.17
3. Deferred taxation (net)			
	V	1,993.42	1,981.24
		59,883.57	52,631.43
II. APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross block	VI	42,433.75	35,471.46
b) Less : Depreciation		15,950.66	13,021.51
c) Net block		26,483.09	22,449.95
d) Capital work-in-progress		3,946.52	1,572.81
2. Investments			
	VII	6,728.20	6,941.68
3. Foreign Currency Monetary Item Translation difference account			
		72.97	-
4. Current assets, loans and advances			
a) Inventories	VIII	12,501.07	11,730.36
b) Sundry debtors	IX	8,667.69	8,491.20
c) Cash & bank balances	X	242.90	837.37
d) Other current assets	XI	22.76	14.26
e) Loans & advances	XII	6,525.04	8,268.22
	(a)	27,959.46	29,341.41
Less: Current liabilities and provisions			
a) Current liabilities	XIII	3,981.56	5,435.50
b) Provisions	XIV	2,073.88	2,538.19
	(b)	6,055.44	7,973.69
Net current assets	(a)-(b)	21,904.02	21,367.72
Miscellaneous expenditure (to the extent not written off or adjusted)	XV	748.77	299.27
		59,883.57	52,631.43

venu srinivasan
Managing Director

gopal srinivasan
Director

As per our report annexed
For SUNDARAM & SRINIVASAN
Chartered Accountants

Chennai
26th August, 2009

V N VENKATANATHAN
Executive Vice President-Finance & Secretary

M BALASUBRAMANIAM
Partner
Membership No. F7945



Profit & Loss Account for the year ended 31st March 2009

(Rupees in lakhs)

	Schedule number	Year ended 31.03.2009	Year ended 31.03.2008
Sales (Gross) - auto related		52,352.89	47,815.15
Less: Excise duty		4,191.05	6,632.61
Sales (Net)		48,161.84	41,182.54
Sales - traded goods - non auto related		1,075.15	1,510.74
Other Income	XVI	3,632.88	3,448.42
	a	52,869.87	46,141.70
Materials consumed	XVII	26,640.99	20,120.30
Cost of traded goods sold - non auto related	XVIII	1,033.63	1,444.79
Salaries & wages, stores consumed and other expenses	XIX	19,187.18	17,186.04
	b	46,861.80	38,751.13
Profit before Interest, depreciation and tax	c = (a-b)	6,008.07	7,390.57
Interest (net)	XX	2,207.17	1,080.78
Depreciation		3,105.06	2,774.43
	d	5,312.23	3,855.21
Profit before tax	e = (c-d)	695.84	3,535.36
Provision			
- for Income tax		-	900.00
- for Fringe benefit tax		51.00	58.18
- for Deferred tax		12.18	185.16
	f	63.18	1,143.34
Profit for the year (after tax)	g = (e-f)	632.66	2,392.02
Balance profit brought forward		866.64	4,123.91
Profit for the year (after tax)		632.66	2,392.02
Dividend tax set off – second interim 2007-08		56.41	-
Tax relating to earlier years		-	155.68
Total		1,555.71	6,671.61
Tax relating to earlier years		2.78	-
First interim dividend paid		189.73	384.10
Dividend tax paid		-	65.28
Second interim dividend payable		-	331.93
Proposed dividend		189.68	-
Dividend Tax payable #		-	56.41
Transfer of profit to WABCO-TVS (India) Limited, Chennai on de-merger		-	3,435.13
Transfer to general reserve		63.27	1,532.12
Balance carried to Balance Sheet		1,110.25	866.64
Total		1,555.71	6,671.61
Notes on accounts	XXI		
Nominal value of each share in rupees		5.00	5.00
Basic earnings per share in rupees on 1,89,67,584 shares		3.34	12.61
Diluted earnings per share in rupees		3.34	12.61

As the Company has received dividend from its wholly owned subsidiary, which has paid dividend tax thereon, no dividend tax is payable by the Company as per the provisions of Section 115-O(1A) of the Income Tax Act, 1961.

venu srinivasan
Managing Director

gopal srinivasan
Director

As per our report annexed
For SUNDARAM & SRINIVASAN
Chartered Accountants

Chennai
26th August, 2009

V N VENKATANATHAN
Executive Vice President-Finance & Secretary

M BALASUBRAMANIAM
Partner
Membership No. F7945



Sundaram-Clayton Limited

Schedules

	(Rupees in lakhs)	
	As at 31.03.2009	As at 31.03.2008
I SHARE CAPITAL		
Authorised		
2,00,00,000 Equity Shares of Rs. 5/- each	<u>1,000.00</u>	<u>1,000.00</u>
Issued, subscribed and paid-up		
1,89,67,584 Equity Shares of Rs. 5/- each fully paid	<u>948.38</u>	<u>948.38</u>
Of the above		
i) 94,460 equity shares of Rs.10/- each have been allotted for consideration other than cash against supply of machinery.		
ii) 1,70,09,529 equity shares of Rs.10/- each have been allotted as bonus shares by capitalisation of general reserve to the extent of Rs.15,87,14,740 and capitalisation of share premium of Rs.1,13,80,550		
(During the year 2007-08 the face value of the shares Authorised, Issued, Subscribed and Paid up was reduced from Rs. 10/- each to Rs. 5/- each consequent to the Scheme of de-merger approved by the Hon'ble High Court of Judicature at Madras)		
II RESERVES AND SURPLUS		
Capital Reserve	3,397.00	3,397.00
General Reserve		
As per last Balance Sheet	18,700.00	
Less: Adjustment pursuant to amendment in AS 11*	<u>258.63</u>	
	18,441.37	
Add: Transfer from Profit and Loss account	<u>63.27</u>	18,700.00
* Vide notes on accounts, note no. XXI 1(k) under Accounting Standard - 11		
Surplus		
Balance in Profit & Loss account	<u>1,110.25</u>	<u>866.64</u>
	<u>23,011.89</u>	<u>22,963.64</u>
III SECURED LOANS		
i) From banks		
Secured by hypothecation of raw materials, components, work-in-process, finished goods, book debts, stores, spares and tools	4,634.04	7,765.35
ii) From banks		
Secured by hypothecation of specified plant and machinery	13,596.08	2,839.73
	<u>18,230.12</u>	<u>10,605.08</u>
IV UNSECURED LOANS		
From banks		
- Short term loans	13,313.76	14,162.59
- Long term loans	2,386.00	1,970.50
	<u>15,699.76</u>	<u>16,133.09</u>

Schedules (continued)

(Rupees in lakhs)

As at 31.03.2009 As at 31.03.2008

V DEFERRED TAXATION (NET)

Deferred tax liabilities			
	Tax on depreciation - timing difference	3,283.07	3,130.94
Less :	Deferred tax assets		
	On employee related schemes	681.58	659.96
	On account of unabsorbed depreciation	229.36	–
	On other timing differences	378.71	489.74
		<u>1,289.65</u>	<u>1,149.70</u>
		<u>1,993.42</u>	<u>1,981.24</u>

VI FIXED ASSETS

Description	Land	Lease hold Land	Buildings	Plant & Machinery, Dies & Jigs	Furniture, Fixtures & Equipments	Vehicles	Others Fixed Assets @	Total as at	
								31.03.2009	31.03.2008
Cost of Assets									
As at 01.04.2008	204.82	663.39	2,863.79	29,808.30	1,359.67	446.43	125.06	35,471.46	46,701.53
Additions	57.77	–	136.49	6,814.34 **	131.58	42.46	19.03	7,201.67 **	5,425.38
Less: sales/transfer	–	6.85	–	169.56	57.74	5.23	–	239.38	509.58
Less: Transfer to WABCO-TVIS (India) Limited on de-merger	–	–	–	–	–	–	–	–	16,145.87
Total	262.59	656.54	3,000.28	36,453.08	1,433.51	483.66	144.09	42,433.75	35,471.46
Depreciation									
Upto 31.03.2008	–	–	791.29	11,110.99	810.93	192.27	116.03	13,021.51	15,378.82
For the year	–	–	83.11	2,831.38 *	89.53	63.40	18.26	3,085.68 *	2,774.43
Deductions on sales/transfer	–	–	–	97.90	53.98	4.65	–	156.53	233.16
Less: Transfer to WABCO-TVIS (India) Limited on de-merger	–	–	–	–	–	–	–	–	4,898.58
Total	–	–	874.40	13,844.47	846.48	251.02	134.29	15,950.66	13,021.51
Written down value									
As at 31.03.2009	262.59	656.54	2,125.88	22,608.61	587.03	232.64	9.80	26,483.09	–
As at 31.03.2008	204.82	663.39	2,072.50	18,697.31	548.74	254.16	9.03	–	22,449.95

* depreciation is net of an amount Rs. 19.38 lakhs being the depreciation attributable to exchange gain relating to the year 2007-08 which was credited to the carrying cost of fixed assets as per amendment to Accounting Standard -11

** includes losses (net of gains) Rs. 1347.95 lakhs arising on account of restatement of external commercial borrowings attributable to acquisition of Plant & Machinery vide note no. XXI 1(k) under Accounting Standard – 11

@ vide note no XXI 1(z) regarding Intangible Assets under Accounting Standard – 26

VI CAPITAL WORK-IN-PROGRESS (at cost)

Buildings	1,704.73	–
Machinery under installation	2,241.79	1,572.81
	<u>3,946.52</u>	<u>1,572.81</u>



Sundaram-Clayton Limited

Schedules (continued)

	Face Value	As at 31.03.2009	(Rupees in lakhs) As at 31.03.2008
VII INVESTMENTS (AT COST)			
1. Trade-Quoted (fully paid) - Long term			
i) Subsidiary			
a) TVS Motor Company Limited, Chennai - 2,10,00,000 equity shares of Re.1/- each (last year - 2,10,00,000 equity shares)	210.00	210.00	210.00
ii) Others			
a) ICICI Bank Limited, Mumbai - 34,346 equity shares of Rs.10/- each (last year - 34,346 equity shares)	3.43	6.87	6.87
b) Housing Development Finance Corporation Limited, Mumbai - 69,740 equity shares of Rs.10/- each (last year - 69,740 equity shares)	6.97	9.31	9.31
c) HDFC Bank Limited, Mumbai - 500 equity shares of Rs.10/- each (last year - 500 equity shares)	0.05	0.05	0.05
	(A)	226.23	226.23
2. Trade-Unquoted (fully paid) - Long term			
Subsidiaries - Auto related			
a) Anusha Investments Limited, Chennai - 5,00,000 equity shares of Rs.100/- each (last year - 5,00,000 equity shares)	500.00	500.00	500.00
b) Auto (India) Engineering Limited, Chennai - 50,000 equity shares of Rs. 10/- each (last year - Nil)	5.00	5.01	-
Subsidiaries - Non-Auto related			
c) TVS Investments Limited, Chennai - 2,71,88,318 equity shares of Rs. 10/- each (last year - 2,71,88,318 equity shares)	2,718.83	4,459.37	4,459.37
	(B)	4,964.38	4,959.37
3. Non-trade-quoted (fully paid up) - Long term			
1,58,287 tax free bonds (6.75%) in Unit Trust of India, Mumbai		-	166.70
	(C)	-	166.70
4. Non-trade-Unquoted (partly paid up) - Long term			
Adyar Property Holding Company Limited, Chennai - 105 equity shares (last year - 105 equity shares) of Rs.100/- each (Rs.65/- per share paid-up)	0.11	0.07	0.07
	(D)	0.07	0.07
5. Non-trade-unquoted (fully paid up) - Long term			
a) Kalinavihar Dharshan Co-operative Housing Society Limited, Mumbai - 10 equity shares of Rs.50/- each - Rs.500/- (last year - 10 equity shares)	-	-	-
b) Siddharthnagar Co-operative Housing Society Limited, Aundh, Pune - 5 equity shares of Rs.50/- each - Rs.250/- (last year - 5 equity shares)	-	-	-
c) Arkay Energy (Rameswarm) Limited, Hyderabad - 10,50,000 equity shares of Rs.10/- each (last year - 10,50,000 equity shares)	105.00	105.00	105.00
d) ICICI Prudential Life Insurance Company - Group Superannuation		581.52	581.52
	(E)	686.52	686.52



Schedules (Continued)

	(Rupees in lakhs)	
	As at 31.03.2009	As at 31.03.2008
6. Non-trade-quoted (fully paid up) - Short term		
a) SBI Mutual Fund of State Bank of India, Mumbai - 1,46,044.867 units (last year - 1,46,044.867 units) in SBI Magnum Equity Fund - Growth option	54.70	54.70
b) Sundaram BNP Paribas Asset Management Company Limited, Chennai - 4,79,753.40 units (last year - 4,79,753.40 units) of Sundaram BNP Paribas Equity Multiplier Fund - Growth Option	47.98	47.98
c) Sundaram BNP Paribas Asset Management Company Limited, Chennai - 10,00,000 units (last year - 10,00,000 units) of Sundaram BNP Paribas Energy Opportunities Fund - Growth option	100.00	100.00
d) Deutsche Asset Management (India) Private Limited, Mumbai (last year - 5,00,000 units) of Deutsche FTP 370 days Series 29 - Growth option	-	50.00
e) TATA Asset Management Limited, Mumbai - 30,00,000 units (last year - 30,00,000 units) of Tata Indo Global Infrastructure Fund - Growth option	300.00	300.00
f) Reliance Capital Asset Management Company Limited, Mumbai - 2,93,398.533 units (last year - 2,93,398.533 units) of Reliance Equity Advantage Fund - Growth option	30.00	30.00
g) J M Financial Asset Management Private Limited, Mumbai - 3,17,282.814 units (last Year - 3,17,282.814 units) of J M Basic Fund - Growth option	108.32	108.32
h) DBS Cholamandalam Asset Management Limited, Mumbai - 4,22,221.254 units (last year - 4,22,221.254 units) of Chola Opportunities Fund - Cumulative plan	210.00	210.00
i) DBS Cholamandalam Asset Management Limited, Mumbai - (last year - 14,156.367 units) of Chola Freedom Income - STP - Institutional - Cumulative plan	-	1.79
(F)	<u>851.00</u>	<u>902.79</u>
Total Investments (A to F)	<u>6,728.20</u>	<u>6,941.68</u>
SUMMARY		
Quoted investments	1,077.23	1,295.72
Unquoted investments	5,650.97	5,645.96
	<u>6,728.20</u>	<u>6,941.68</u>
Short term	851.00	902.79
Long term	5,877.20	6,038.89
	<u>6,728.20</u>	<u>6,941.68</u>
Market value of quoted investments	6,248.91	10,178.62



Sundaram-Clayton Limited

Schedules (continued)

	As at 31.03.2009	(Rupees in lakhs) As at 31.03.2008
VIII INVENTORIES		
a. Auto related		
Raw materials and components*	3,365.63	2,104.33
Work-in-process*	1,111.56	869.88
Finished goods*	5,758.79	5,436.13
Stores*	2,226.14	1,747.65
Goods in transit	12.41	1,377.48
b. Non-Auto related		
Traded goods*	26.54	194.89
	<u>12,501.07</u>	<u>11,730.36</u>
* At lower of weighted average cost or net realisable value as prescribed in Accounting Standard 2 issued by The Institute of Chartered Accountants of India.		
IX SUNDRY DEBTORS-UNSECURED, CONSIDERED GOOD		
a) Debts outstanding for a period exceeding six months		
- Considered good	227.55	222.69
- Considered doubtful	9.55	17.26
Total	<u>237.10</u>	<u>239.95</u>
b) Other debts	8,440.14	8,268.51
	<u>8,677.24</u>	<u>8,508.46</u>
Less: Provision for bad and doubtful debts	9.55	17.26
	<u>8,667.69</u>	<u>8,491.20</u>
X CASH AND BANK BALANCES		
a) Cash & cheques on hand	3.27	8.68
b) With scheduled banks		
i) Current accounts	234.07	336.53
ii) Cash credit accounts	3.54	4.65
iii) Term deposit account	2.02	487.51
	<u>242.90</u>	<u>837.37</u>
XI OTHER CURRENT ASSETS		
Interest accrued on investments and deposits	22.76	14.26
	<u>22.76</u>	<u>14.26</u>
XII LOANS AND ADVANCES-UNSECURED, CONSIDERED GOOD		
a) Advances recoverable in cash or in kind or for value to be received	5,946.60	7,849.31
b) Deposits	357.19	418.91
c) Advance payment of tax less provision	221.25	-
	<u>6,525.04</u>	<u>8,268.22</u>
XIII CURRENT LIABILITIES		
Sundry creditors	3,981.56	5,435.50
	<u>3,981.56</u>	<u>5,435.50</u>
XIV PROVISIONS		
a) Taxation less advance payments	-	310.85
b) Fringe benefit tax less advance payments	5.48	4.98
c) Dividend proposed	189.68	-
d) Interim dividend payable	-	331.93
e) Dividend tax	-	56.41
f) Pension	1,257.08	1,247.54
g) Leave salary	174.97	136.66
h) Warranty	248.00	248.00
i) Sales tax	198.67	201.82
	<u>2,073.88</u>	<u>2,538.19</u>

Schedules (continued)

	(Rupees in lakhs)	
	Year ended 31.03.2009	Year ended 31.03.2008
XV MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
Expenditure pending allocation	701.84	299.27
External commercial borrowings upfront fees	46.93	-
	<u>748.77</u>	<u>299.27</u>
XVI OTHER INCOME		
a) Sale of scrap and empties	748.88	701.77
b) Lease rent	23.68	23.68
c) Management services	1,520.75	1,628.00
d) Profit on sale of assets	5.50	3.14
e) Dividend - subsidiary	747.00	131.50
f) Dividend - others	25.50	83.84
g) Profit on sale of investments (net)	24.14	415.76
h) Miscellaneous income	537.43	460.73
	<u>3,632.88</u>	<u>3,448.42</u>
XVII MATERIALS CONSUMED		
Opening stock :		
Raw materials	2,104.33	2,969.60
Work-in-process	869.88	974.12
Finished goods	5,436.13	4,030.95
	<u>8,410.34</u>	<u>7,974.67</u>
Less : Transferred to WABCO-TVS (India) Limited, Chennai on de-merger during previous year		
Raw materials	-	1,261.81
Work-in-process	-	79.85
Finished goods	-	190.81
	-	<u>1,532.47</u>
Opening stock (after de-merger during previous year)	8,410.34	6,442.20
Add : Purchases	28,466.63	22,088.44
Total	(a) 36,876.97	<u>28,530.64</u>
Less : Closing stock :		
Raw materials	3,365.63	2,104.33
Work-in-process	1,111.56	869.88
Finished goods	5,758.79	5,436.13
Total	(b) 10,235.98	<u>8,410.34</u>
Net	(a)-(b) 26,640.99	<u>20,120.30</u>
XVIII COST OF TRADED GOODS SOLD - NON AUTO RELATED		
Opening stock	194.89	26.43
Add : Purchases	865.28	1,613.25
	<u>1,060.17</u>	<u>1,639.68</u>
Less : Closing stock	26.54	194.89
	<u>1,033.63</u>	<u>1,444.79</u>



Sundaram-Clayton Limited

Schedules (continued)

	(Rupees in lakhs)	
	Year ended 31.03.2009	Year ended 31.03.2008
XIX SALARIES & WAGES, STORES CONSUMED AND OTHER EXPENSES		
Salaries, wages and bonus (includes to managing directors Rs. 32.39 lakhs - last year Rs. 94.94 lakhs)	4,833.80	4,296.12
Stores and tools consumed (includes Rs. 77.79 lakhs wages - last year Rs. 57.70 lakhs)	4,122.02	3,807.95
Contribution to provident and other funds (includes to managing directors Rs. 4.02 lakhs - last year Rs. 11.22 lakhs)	392.43	88.53
Power and fuel	2,543.77	2,147.40
Workmen and staff welfare expenses (includes to managing directors - Rs. 4.29 lakhs - last year Rs. 4.72 lakhs)	797.81	723.99
Rent (Includes on behalf of managing directors - Rs.2.25 lakhs - last year Rs. 5.40 lakhs)	133.36	107.73
Rates and taxes	57.38	44.72
Repairs and maintenance		
a) Building	634.94	510.94
b) Machinery	1,040.12	1,216.98
c) Other assets	45.63	40.59
Insurance	71.80	88.00
Commission	20.00	17.28
Audit fees	20.06	18.79
Directors' sitting fees	5.92	5.40
Cash discount	4.48	2.33
Travel and conveyance	319.88	369.98
Packing and forwarding	1,858.31	1,487.43
Warehousing charges	600.23	350.32
Data processing	134.05	132.85
Research and development	5.35	2.11
Other expenses (includes to managing directors - Rs. 0.36 lakhs - last year Rs. 0.24 lakhs)	1,503.01	1,684.87
Amortisation of foreign currency monetary item translation difference account	36.48	-
Loss on sale of assets	6.35	41.73
	<u>19,187.18</u>	<u>17,186.04</u>
XX. INTEREST		
a) On fixed loans	402.22	323.60
b) Others	2,222.55	992.68
	Total (A)	<u>2,624.77</u>
Less : Interest income		
a) On non-trade investments (gross)	1.78	10.68
b) On advances and deposits (gross)	415.82	224.82
	Total (B)	<u>417.60</u>
	(A) - (B)	<u><u>2,207.17</u></u>

Schedules (continued)

XXI NOTES ON ACCOUNTS

(Rupees in lakhs)

Sl.No	Particulars	As at/ Year ended 31.03.2009	As at/ Year ended 31.03.2008
	Preamble:		
	The Company is engaged mainly in the business of manufacture and sale of non ferrous gravity and pressure die castings which is the core and auto related activity. The Company also derives income from sale of certain electronic hardware items which is non core and non-auto related in nature.		
	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 balance sheet date Disclosure of contingencies as required by the accounting standards is furnished in note no. 8 Subsequent to the balance sheet date, the Company's subsidiary viz. Auto (India) Engineering Limited got amalgamated with the Company through the Order of Hon'ble High Court of Judicature, Madras.		
e)	AS - 5 Net profit or loss for the period, prior period items and changes in accounting policies		
	1) Prior period debits included in profit and loss account :		
	Raw materials & components consumed	0.99	0.63
	Salaries & wages	7.45	0.16
	Other expenses	0.11	26.66
	2) Prior period credits included in profit and loss account :		
	Reversal of Employees State insurance provision made earlier	15.50	—
f)	AS - 6 Depreciation Accounting Depreciation has been provided under the straight line method at the rates prescribed under schedule XIV of the Companies Act, 1956 with applicable shift allowances. In respect of the assets added / sold during the year, pro-rata depreciation has been provided. Depreciation in respect of computers and vehicles has been provided @30% and 18% respectively which is higher than the rate prescribed in schedule XIV of the Companies Act, 1956. Depreciation in respect of assets acquired during the year whose actual cost does not exceed Rs. 5,000/- has been provided at 100%.		



Schedules (continued)

XXI NOTES ON ACCOUNTS (continued)

(Rupees in lakhs)

As at/
Year ended
31.03.2009

As at/
Year ended
31.03.2008

g) **AS - 7 Construction contracts**

This accounting standard is not applicable.

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

This accounting standard is withdrawn.

i) **AS - 9 Revenue Recognition**

The income of the Company is derived from sale of gravity and pressure die castings, traded goods, net of trade discount and includes realised exchange fluctuation gain on exports Rs. 55.42 lakhs. 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 hold declares 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 Central Value Added Tax (CENVAT) credit less depreciation.

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

Foreign Currency transactions

Income and expenses in foreign currencies are converted at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets, liabilities and external commercial borrowings are translated at the exchange rate prevailing on the balance sheet date.

In terms of Companies (Accounting Standards) Amendment Rules, 2009, on Accounting Standard-11 (AS-11), notified by the Government of India on 31st March 2009, the Company has opted to adjust the changes in foreign exchange rates relating to long term foreign currency monetary items to the carrying cost of fixed asset and to Foreign Currency Monetary Item Translation Difference Account. The impact is set out below.

	Relating to year ended	
	31.03.2009	31.03.2008
Losses arising from changes in foreign exchange rates relating to depreciable capital assets added to carrying cost of such assets	1,625.96	-
Gains arising from changes in foreign exchange rates relating to depreciable capital assets earlier credited to Profit and Loss Account now reduced from General Reserve and deducted from carrying cost of depreciable assets.	-	278.01
Depreciation withdrawn on the above credited to General Reserve	-	19.38
Loss arising from changes in foreign exchange rates relating to other long term foreign currency monetary items (not relating to acquisition of depreciable assets) debited to "Foreign Currency Monetary Item Translation Difference Account".	109.45	-
Amortisation of "Foreign Currency Monetary Item Translation Difference account" by debiting the Profit and Loss account.	36.48	-

Schedules (continued)

XXI NOTES ON ACCOUNTS (continued)

	As at/ Year ended 31.03.2009	(Rupees in lakhs) As at/ Year ended 31.03.2008
a) Derivative instruments		
Derivative contracts are entered into by the Company only based on underlying transaction. The Company has not entered into any derivative contracts of a speculative nature.		
b) Currency Swaps:		
The Company has entered into three currency swap contracts covering the total external commercial borrowings - JPY equivalent to USD 22 Million. (last year - Two contracts covering JPY equivalent to USD 12 Million), with an option to fix the repayment liability of the Company in Indian Rupees.		
c) Interest Rate Structure (IRS):		
The Company has entered into one derivative contract (included in currency swaps above) in respect of external commercial borrowings amounting to JPY equivalent to USD 10 Million to convert the floating interest rate to fixed interest rate.		
l) AS - 12 Accounting for Government grants		
The Company has not received any grants from the Government.		
m) AS - 13 Accounting for Investments		
Investments are valued at cost. Provision for diminution in the carrying cost of long term investments is made if such diminutions is other than temporary in nature in the opinion of the management.		
(i) Investments made during the year		
1 Canara Robeco Asset Management Company Limited, Mumbai	2,000.00	-
2 Lotus India Asset Management Company Private Limited, Mumbai	812.40	-
3 ICICI Prudential Asset Management Company Limited, New Delhi	-	1,049.48
4 ABN Amro Asset Management (India) Limited, Mumbai	-	242.26
5 HSBC Asset Management (India) Private Limited, Mumbai	-	50.00
6 SBI Mutual Fund of State Bank of India, Mumbai	-	2,568.12
7 UTI Asset Management Company Limited, Mumbai	495.57	773.00
8 Sundaram BNP Paribas Asset Management Company Limited, Chennai	-	150.02
9 Reliance Capital Asset Management Limited, Mumbai	294.04	30.00
10 HDFC Asset Management Company Limited, Mumbai	-	850.00
11 Deutsche Asset Management India Private Limited, Mumbai	55.26	100.00
12 Tata Asset Management Limited, Mumbai	-	440.00
13 Birla Sunlife Asset Management Company Limited, Mumbai	-	850.00
14 Principal Asset Management Company Private Limited, Mumbai	-	210.09
15 J M Financial Asset Management Private Limited, Mumbai	-	316.15
16 Fidelity Fund Management Private Limited, Mumbai	-	324.75
17 DBS Cholamandalam Asset Management Limited, Mumbai	-	420.00
18 ICICI Prudential Life Insurance Group Superannuation Fund	-	581.52
19 Auto (India) Engineering Limited, Chennai	5.01	-
Total	3,662.28	8,955.39



Schedules (continued)

XXI NOTES ON ACCOUNTS (continued)

	As at/ Year ended 31.03.2009	(Rupees in lakhs) As at/ Year ended 31.03.2008
(ii) Investments redeemed during the year		
1 Lotus India Asset Management Company Private Limited, Mumbai	812.40	-
2 Canara Robeco Asset Management Company Limited, Mumbai	2,000.00	-
3 Reliance Capital Asset Management Limited, Mumbai	294.04	-
4 ICICI Prudential Asset Management Company Limited, New Delhi	-	1,771.98
5 ABN Amro Asset Management (India) Limited, Mumbai	-	242.26
6 HSBC Asset Management (India) Private Limited, Mumbai	-	50.00
7 SBI Mutual Fund of State Bank of India, Mumbai	-	2,948.71
8 UTI Asset Management Company Limited, Mumbai	495.57	1,382.31
9 Sundaram BNP Paribas Asset Management Company Limited, Chennai	-	50.02
10 HDFC Asset Management Company Limited, Mumbai	-	850.00
11 Deutsche Asset Management India Private Limited, Mumbai	105.26	401.71
12 Tata Asset Management Limited, Mumbai	-	140.00
13 Birla Sunlife Asset Management Company Limited, Mumbai	-	850.00
14 Principal Asset Management Company Private Limited, Mumbai	-	210.09
15 J M Financial Asset Management Private Limited, Mumbai	-	207.83
16 Fidelity Fund Management Private Limited, Mumbai	-	324.75
17 DBS Cholamandalam Asset Management Limited, Mumbai	1.79	208.21
18 WABCO-TVS (India) Limited, Chennai - cancelled on de-merger	-	5.00
19 6.75% Tax free bonds in Unit Trust of India, Mumbai (transferred on de-merger in previous year)	166.70	599.53
Total	3,875.76	10,242.40
The amount of Rs. 3,662.28 lakhs (last year Rs. 8,955.39 lakhs) and Rs. 3,875.76 lakhs (last year Rs .10,242.40 lakhs) are cumulative figures.		
Cost of investments held as at Balance Sheet date	6,728.20	6,941.68

n) AS - 14 Accounting for Amalgamation

M/s.Auto (India) Engineering Limited, Chennai, the Company's subsidiary got amalgamated with the Company through the order of Hon'ble High Court of Judicature, Madras vide its order dated 1st July 2009. The effects of amalgamation in the books of accounts of both the companies are being carried out subsequent to 31st March 2009.

(o) AS - 15 Accounting for retirement benefits

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

A Defined contribution plans

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

B Defined benefit plan

(a) The Company extends defined benefit plans in the form of leave salary to employees. In addition, the Company also extends pension to senior managers of the Company. Provision for leave salary and pension is made on actuarial valuation basis.

Schedules (continued)

XXI NOTES ON ACCOUNTS (continued)

	(Rupees in lakhs)		
	As at/ Year ended 31.03.2009	As at/ Year ended 31.03.2008	
<p>(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.</p>			
<p>C Disclosure as required by Accounting Standard 15</p>			
	Leave salary	Pension	Gratuity
<p>(a) Expenses recognised in the Profit and Loss Account</p>			
(i) Current service cost	88.30	-	63.46
(ii) Interest cost	9.13	111.45	48.25
(iii) Expected return on plan assets	-	-	(54.56)
(iv) Net actuarial loss /(gain) recognised in the year	12.89	(83.17)	(170.53)
Total	110.32	28.28	(113.38)
<p>(b) Change in defined benefit obligation during the year ended 31st March 2009</p>			
(i) Present value of obligation as at beginning of the year (01-04-2008)	136.66	1,247.54	603.12
(ii) Interest cost	9.13	111.45	48.25
(iii) Current service cost	88.30	-	63.46
(iv) Benefits paid	(72.00)	(18.73)	(55.59)
(v) Actuarial loss/(gain) on obligation	12.89	(83.17)	(170.53)
(vi) Present value of obligation as at the end of the year 31 st March 2009	174.98	1,257.09	488.71
<p>(c) Change in fair value of plan assets during the year ended 31st March 2009</p>			
(i) Fair value of plan assets at the beginning of the year (01-04-2008)	-	-	603.12
(ii) Expected return on plan assets	-	-	54.56
(iii) Contributions made during the year	-	-	69.70
(iv) Benefits paid	-	-	(55.59)
(v) Actuarial gain on plan assets	-	-	-
(vi) Fair value of plan assets as at the end of the year 31 st March 2009	-	-	671.79
<p>(d) Balance Sheet movements</p>			
(i) Value of benefit obligations / (net assets) at the beginning of the year (01-04-2008)	136.66	1,247.54	-
(ii) Contributions made during the year	-	-	(69.70)
(iii) Expenses	110.32	28.28	(113.38)
(iv) Benefits paid	(72.00)	(18.73)	-
(v) Value of benefit	174.98	1,257.09	(183.08)
<p>Note: The net asset in respect of gratuity plan is not recognised as it is lying in irrevocable trust fund for approval by Income tax authorities.</p>			
<p>(e) Actuarial assumptions</p>			
(i) Discount rate used	9.00%	9.00%	8.00%
(ii) Expected return on plan assets	NA	NA	8.00%
<p>Estimates of future salary increase considered in actuarial valuation take into account the inflation, seniority and other relevant factors.</p>			



Schedules (continued)

XXI NOTES ON ACCOUNTS (continued)

	As at/ Year ended 31.03.2009	(Rupees in lakhs) As at/ Year ended 31.03.2008
<p>p) AS - 16 Borrowing Cost 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. 295.82 lakhs (last year Rs. 61.15 lakhs) being interest on borrowings attributable to qualifying assets have been capitalised under the various heads.</p>		
<p>q) AS - 17 Segment Reporting The Company operates in only one segment viz., Automotive Components and there are no separate reportable segments. As the income from traded goods i.e., Rs. 1075.15 lakhs is less than 10% of total income and is also a non-auto related activity, the income therefrom is not recognised as a separate segment.</p>		
<p>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.</p>		
<p>s) AS - 19 Accounting of leases Since all the lease agreements were entered before 1st April 2001 this standard is not applicable.</p>		
<p>t) AS - 20 Earnings Per Share (EPS) Disclosure is made in the Profit and Loss Account as per the requirements of the standard.</p>		
<p>u) AS - 21 Consolidated Financial Statements Consolidated financial statements of the Company and its subsidiaries are enclosed.</p>		
<p>v) AS - 22 Accounting for Taxes on Income Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax liability and asset are recognised, subject to the consideration of prudence, on timing differences using the tax rates substantively enacted on the Balance Sheet date.</p>		
<p>w) AS - 23 Accounting for Investments in Associates in Consolidated Financial Statements Sundram Non-Conventional Energy Systems Limited, Chennai is an associate of Anusha Investments Limited, Chennai. Anusha Investments Limited is a wholly owned subsidiary of Sundaram-Clayton Limited. Hence, Sundram Non-Conventional Energy Systems Limited is an associate of Sundaram-Clayton Limited and therefore, its financial statements are considered in the preparation of consolidated financial statements of the Company.</p>		
<p>x) AS - 24 Discontinuing Operations The Company has not discontinued any operations during the year.</p>		
<p>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.</p>		



Schedules (continued)

XXI NOTES ON ACCOUNTS (continued)

		(Rupees in lakhs)	
		As at/ Year ended 31.03.2009	As at/ Year ended 31.03.2008
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 :			
Licences & Software :			
- Useful life of the assets		2 years	2 years
- Amortisation rates used		50% each year as depreciation	50% each year as depreciation
- Gross carrying amounts at the beginning and at the end of the period together with additions and deletions during the year			
Opening balance		125.06	312.19
Additions during the year		19.03	1.31
Less: Transfer on de-merger		-	188.44
Total	(A)	144.09	125.06
Amortisation			
Opening balance		116.03	252.97
During the year		18.26	14.40
Less: Transfer on de-merger		-	151.34
Total amortisation	(B)	134.29	116.03
Closing balance	(A - B)	9.80	9.03
aa) AS - 27 Financial Reporting of Interests in Joint Ventures			
The Company has no interests in 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			
In respect of warranty obligations, provision is made in accordance with terms of sale vide Schedule XIV to Balance sheet.			
(ii) Contingent liabilities			
Amount for which the Company is contingently liable is disclosed in note 8.			
(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 13.			



Schedules (continued)

XXI NOTES ON ACCOUNTS (continued)

	(Rupees in lakhs)	
	As at/ Year ended 31.03.2009	As at/ Year ended 31.03.2008
2 Amount of Loan repayable within one year:		
Secured - from banks	5,760.79	7,765.35
Unsecured - from banks	13,313.76	14,162.59
In respect Rs. 50 crores of term loan and ECB - USD 10 Million, the Company has created charge subsequent to the Balance Sheet date and hence, the same has been included under secured loans.		
3 Debtors include due from subsidiaries		
- Debts outstanding for a period exceeding six months	35.98	7.93
- Other debts	2,445.42	2,203.73
4 Dues from Subsidiaries		
Loans and advances include dues from subsidiaries		
Sundaram Auto Components Limited, Hosur	-	30.34
Auto (India) Engineering Limited, Chennai	133.00	133.00
Anusha Investments Limited, Chennai	800.00	1,000.00
5 Sundry creditors include:		
a) Investors Education and Protection Fund - Unpaid dividend	45.00	45.93
b) Due to directors	4.52	55.94
c) Amount due to micro and small scale industrial units	133.28	342.82
d) Amount due to other industrial units	248.91	1,569.96
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)	133.28	342.82
b) Interest (as no amount in overdue)	Nil	Nil
(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil

Schedules (continued)

XXI NOTES ON ACCOUNTS (continued)

	As at/ Year ended 31.03.2009	(Rupees in lakhs) As at/ Year ended 31.03.2008
6 Bank balance includes amount in respect of		
- Unclaimed dividends	45.00	45.93
- Balances lying with non-scheduled banks		
HSBC Bank Plc, London, UK		
- in current account	-	2.84
- in term deposit account	-	485.57
Bank of America, Chicago, USA		
- in current account	7.34	8.13
- Maximum balance lying with non-scheduled banks at any time during the year		
HSBC Bank Plc, London, UK	3,614.03	827.61
Bank of America, Chicago, USA	31.82	24.01
7 Loans and Advances include:		
- Amount lying with central excise	4.63	5.41
- Amount due from an officer of the Company	16.34	16.66
- Maximum amount due from an officer of the Company at any time during the year	16.66	16.69
8 Contingent liability not provided for:		
a) On letters of credit opened with bankers	466.57	3,884.32
b) On partly paid shares	0.04	0.04
c) Capital commitments not provided	663.87	3,059.26
d) On guarantee furnished on behalf of employees	1.31	0.90
e) On account of future export obligations (under Export Promotion Capital Goods Scheme and Advance Licence)	8,896.58	8,786.16
f) On excise duty payable on finished goods not cleared from the factory	3.48	4.94
9 Tax deducted at source on		
a) Interest receipts	113.29	48.47
b) Contract income	48.04	72.01
c) Service charges	227.56	125.96
d) Miscellaneous income	27.22	14.15
10 Audit fees consists of		
a) Audit fees	15.00	15.00
b) Certification fees	2.00	2.00
c) Taxation matters	1.00	1.00
d) Other services	0.32	-
e) Reimbursement of expenses	1.74	0.79
11 Contribution to provident and other funds include:		
a) Contribution towards gratuity as per scheme framed by Life Insurance Corporation of India	74.06	3.74
b) Contribution towards superannuation as per scheme framed by Life Insurance Corporation of India	-	22.50
c) Contribution to pension fund	9.51	(195.86)
d) Contribution towards deposit linked insurance as per scheme framed by Life Insurance Corporation of India	3.51	4.68



Sundaram-Clayton Limited

Schedules (continued)

XXI NOTES ON ACCOUNTS (continued)

	As at/ Year ended 31.03.2009	As at/ Year ended 31.03.2008	(Rupees in lakhs)	
12 Repairs include Stores consumed	119.78	153.32		
13 Liability contested and not provided for				
a) Excise duty	8.45	5.60		
b) Wealth tax	14.61	14.61		
c) Service tax	112.39	48.81		
d) Electricity	8.84	3.19		
e) Others	57.75	57.75		
14 Loss on sale of investments netted against profit on sale of investments		8.42		
15 Research and Development expenditure incurred and claimed under Income Tax Act				
	for the year ended 31/03/2006	for the year ended 31/03/2007	for the year ended 31/03/2008	for the year ended 31/03/2009
(a) Revenue expenditure	861.05	1,288.00	468.81	556.71
(b) Capital expenditure				
(i) Land and building	-	4.03	-	-
(ii) Others (including Work-in Progress)	488.36	317.49	109.87	30.78
	<u>1,349.41</u>	<u>1,609.52</u>	<u>578.68</u>	<u>587.49</u>
16 Last year's figures have been regrouped wherever necessary to conform to this year's classification.				
17 Computation of net profit as per section 309(5) of the Companies Act, 1956 (the Act) read with section 198 and section 349 of the Act.				
Profit before tax as per profit and loss account		695.84		3,535.36
Add: Remuneration to managing directors	43.31		116.52	
Book depreciation	<u>3,105.06</u>		<u>2,774.43</u>	
		3,148.37		2,890.95
		3,844.21		6,426.31
Less: Depreciation as per section 350 of the Act		3,059.17		2,696.99
		<u>785.04</u>		<u>3,729.32</u>
Proportionate profit upto 18 th August 2008 being the period upto which Joint Managing Director held office		301.11		-
<u>Commission payable to:</u>				
Joint Managing Director at 2% of the net profit		6.02		74.59
Restricted to 1.5% as determined by the board		4.52		55.94

Schedules (continued)

XXI NOTES ON ACCOUNTS (continued)

18. Disclosure made in terms of clause 32 and clause 41 of the Listing Agreement with Stock Exchanges

(Rupees in lakhs)

Particulars	Name of the Company	Amount outstanding as on 31.03.2009	Maximum amount due at any one time during the year	Amount outstanding as on 31.03.2008
a) Loans and advances				
(i) Loans and advances in the nature of loans made to subsidiary Company	Anusha Investments Limited, Chennai	800.00	2,950.00	1,000.00
	Auto (India) Engineering Limited, Chennai	133.00	133.00	133.00
	Sundaram Auto Components Limited, Chennai	-	-	30.34
	TVS Motor Company Limited, Chennai	-	1,000.00	-
(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 372 A of the Companies Act, 1956	NIL	-	-	-
(iv) Loans and advances in the nature of loans made to firms/companies in which directors of the Company are interested	NIL	-	-	-
b) Investments by the Company				
(i) In subsidiary companies	Anusha Investments Limited, Chennai (5,00,000 Equity shares of Rs.100/- each fully paid up)	500.00	500.00	500.00
	TVS Investments Limited, Chennai (2,71,88,318 equity shares of Rs 10/- each fully paid up)	4,459.37	4,459.37	4,459.37
	TVS Motor Company Limited, Chennai (2,10,00,000 equity shares of Re.1/- each fully paid up)	210.00	210.00	210.00
	Auto (India) Engineering Limited, Chennai (50,000 Equity shares of Rs.10/- each fully paid up)	5.01	5.01	-
(ii) In associate Company	NIL	-	-	-
(iii) In holding Company	NIL	-	-	-
c) Investments by the loanee in the shares of the parent Company and subsidiary Company when the Company has made a loan or advance in the nature of loan - NIL				



Schedules (continued)

XXI NOTES ON ACCOUNTS (continued)

19. Related party disclosure

LIST OF RELATED PARTIES

- | | |
|------------------------------------|---|
| a) Reporting entity | Sundaram-Clayton Limited, Chennai (SCL) |
| b) Subsidiary companies | <ul style="list-style-type: none">(i) Anusha Investments Limited, Chennai (AIL) - Direct Subsidiary of SCL(ii) TVS Investments Limited, Chennai (TVSI) - Direct Subsidiary of SCL(iii) Auto (India) Engineering Limited, Chennai - Direct Subsidiary of SCL(iv) TVS Motor Company Limited, Chennai (TVSM) - Indirect Subsidiary of SCL(v) Sundaram Auto Components Limited, Chennai - Subsidiary of TVSM(vi) TVS Motor (Singapore) Pte. Limited, Singapore - (TVSM Singapore) Subsidiary of TVSM(vii) TVS Motor Company (Europe) B.V. Amsterdam - (TVSM Europe)- Subsidiary of TVSM(viii) PT TVS Motor Company Indonesia, Jakarta - Subsidiary of TVSM Singapore(ix) TVS Electronics Limited, Chennai (TVSE) - Subsidiary of TVSI(x) TVS Capital Funds Limited, Chennai (TVS Cap) - Subsidiary of TVSI(xi) TVS-E Access India Limited, Chennai - Subsidiary of TVSI(xii) TVS-E Servicetec Limited, Chennai - Subsidiary of TVSI(xiii) TVS Finance and Services Limited, Chennai - Indirect subsidiary of SCL(xiv) Sravanaa Properties Limited, Chennai - Subsidiary of TVSI(xv) Tumkur Property Holdings Limited, Chennai - Subsidiary of TVSE(xvi) Prime Property Holdings Limited, Chennai - Subsidiary of TVSE(xvii) TVS Credit Services Limited, Chennai - Subsidiary of TVSI |
| c) Associate companies | <ul style="list-style-type: none">(i) T V Sundram Iyengar & Sons Limited, Madurai(ii) Sundaram Industries Limited, Madurai(iii) Southern Roadways Limited, Madurai(iv) Clayton Dewandre Holdings Limited, UK(v) Sundram Non-Conventional Energy Systems Limited, Chennai |
| d) Controlling interest | <ul style="list-style-type: none">(i) Sundaram Investment Limited, Chennai |
| e) Key management personnel | <ul style="list-style-type: none">(i) Mr Venu Srinivasan, Managing director(ii) Mr Gopal Srinivasan, Jt. Managing director (upto 18th August 2008) |

Schedules (continued)

XXI NOTES ON ACCOUNTS (continued)

20. Related Party Transactions

(Rupees in lakhs)

Sl.No.	Nature of Transactions	Name of the Company	Subsidiaries	Associates	Key management personnel	Relative of key management personnel	Total
1	Purchase of goods	TVS Motor Company Ltd., Chennai	37.10	-	-	-	37.10
		TV Sundram Iyengar & Sons Ltd, Madurai	-	2.47	-	-	2.47
			37.10	2.47	-	-	39.57
			(982.87)	-	-	-	(982.87)
2	Sale of goods (including sub contract charges received)	TVS Motor Company Ltd., Chennai	9,521.95	-	-	-	9,521.95
		TVS Electronics Ltd., Chennai (non auto related)	1,075.15	-	-	-	1,075.15
			10,597.10	-	-	-	10,597.10
			(9,757.95)	-	-	-	(9,757.95)
3	Purchase of fixed assets	TVS Motor Company Ltd., Chennai	-	-	-	-	-
			(3.58)	-	-	-	(3.58)
4	Rendering of services	TVS Motor Company Ltd., Chennai	732.06	-	-	-	732.06
		TVS Finance & Services Ltd., Chennai	4.75	-	-	-	4.75
		Sundaram Auto Components Ltd., Chennai	67.11	-	-	-	67.11
		TVS Electronics Ltd, Chennai	64.92	-	-	-	64.92
			868.84	-	-	-	868.84
			(1,064.57)	-	-	(1,064.57)	
5	Receiving of services	TVS Electronics Ltd., Chennai	7.27	-	-	-	7.27
		Sundaram Auto Components Ltd., Chennai	16.88	-	-	-	16.88
		TVS Finance & Services Ltd., Chennai	1.72	-	-	-	1.72
		TVS-E Servicetec Ltd., Chennai	23.69	-	-	-	23.69
		Sundram Non Conventional Energy Systems Ltd., Chennai	-	46.26	-	-	46.26
			49.56	46.26	-	-	95.82
			(93.94)	(52.73)	-	(146.67)	
6	Lease rent received	Sundram Non Conventional Energy Systems Ltd., Chennai	-	23.68	-	-	23.68
			-	(23.68)	-	-	(23.68)
7	Remuneration paid		-	-	43.31	0.05	43.36
			-	-	(116.52)	(0.05)	(116.57)
8	Other transactions Rent paid	Anusha Investments Ltd., Chennai	2.75	-	-	-	2.75
		TVS Electronics Ltd., Chennai	3.00	-	-	-	3.00
			5.75	-	-	-	5.75
			(6.06)	-	-	-	(6.06)

Previous year's figure are furnished in brackets



Sundaram-Clayton Limited

Schedules (continued)

XXI NOTES ON ACCOUNTS (continued)

20. Related Party Transactions (continued)

(Rupees in lakhs)

Sl.No.	Nature of Transactions	Name of the Company	Subsidiaries	Associates	Key management personnel	Relative of key management personnel	Total
9	Finance Inter corporate deposits made and received back	Anusha Investments Ltd, Chennai	2,760.00	-	-	-	2,760.00
		TVS Motor Company Ltd, Chennai	1,000.00	-	-	-	1,000.00
			3,760.00	-	-	-	3,760.00
			(6,375.00)	-	-	-	(6,375.00)
	Inter corporate deposits received and repaid	TVS Motor Company Ltd, Chennai	1,000.00	-	-	-	1,000.00
			1,000.00	-	-	-	1,000.00
	Dividend received	TVS Motor Company Ltd, Chennai Anusha Investments Ltd, Chennai	-	-	-	-	-
			147.00	-	-	-	147.00
			600.00	-	-	-	600.00
	Interest Expenses	TVS Motor Company Limited, Chennai	747.00	-	-	-	747.00
			(131.50)	-	-	-	(131.50)
			1.88	-	-	-	1.88
	Interest income received	Anusha Investments Ltd, Chennai TVS Motor Company Ltd, Chennai Auto (India) Engineering Ltd, Chennai	1.88	-	-	-	1.88
			(0.71)	-	-	-	(0.71)
183.72			-	-	-	183.72	
10	Outstanding as on 31 st March 2009 Loans & advances	Anusha Investments Ltd, Chennai	800.00	-	-	-	800.00
		Auto (India) Engineering Ltd, Chennai	133.00	-	-	-	133.00
			933.00	-	-	-	933.00
			(1,133.00)	-	-	-	(1,133.00)
	Other current assets	Anusha Investments Ltd, Chennai Auto (India) Engineering Ltd, Chennai	7.36	-	-	-	7.36
			1.07	-	-	-	1.07
			8.43	-	-	-	8.43
	Receivables	TVS Motor Company Ltd, Chennai TVS Electronics Ltd, Chennai Sundaram Auto Components Ltd, Chennai TVS Capital Funds Limited, Chennai TVS Finance and Services Ltd, Chennai	(10.46)	-	-	-	(10.46)
			2,195.13	-	-	-	2,195.13
			258.31	-	-	-	258.31
			26.75	-	-	-	26.75
			0.14	-	-	-	0.14
			1.07	-	-	-	1.07
	Payables	TVS Electronics Ltd, Chennai	2,481.40	-	-	-	2,481.40
(2,241.89)			-	-	-	(2,241.89)	
0.88			-	-	-	0.88	
		0.88	-	-	-	0.88	
		(2.64)	(1.70)	-	-	(0.94)	

Previous year's figure are furnished in brackets



Schedules (continued)

XXI NOTES ON ACCOUNTS (continued)

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

	Year ended 31.03.2009		Year ended 31.03.2008	
	Quantity	Value	Quantity	Value
(Rupees in lakhs)				
I. RAW MATERIALS CONSUMED				
1. a) Basic raw materials				
Aluminium alloys and ingots	Kgs 2,09,96,528	23,224.09	1,73,03,527	19,084.79
b) Intermediates and components (which individually do not account for 10 % or more of the total value of consumption)		3,981.24		2,607.11
		<u>27,205.33</u>		<u>21,691.90</u>
	% of total consumption		% of total consumption	
2. Consumption of raw materials and components				
a) Imported	72.8	19,815.46	70.7	15,339.51
b) Indigenous	27.2	7,389.87	29.3	6,352.39
	<u>100.0</u>	<u>27,205.33</u>	<u>100.0</u>	<u>21,691.90</u>
II. CONSUMPTION OF MACHINERY SPARES				
a) Imported	9.2	19.32	3.2	8.61
b) Indigeneous	90.8	190.37	96.8	257.40
	<u>100.0</u>	<u>209.69</u>	<u>100.0</u>	<u>266.01</u>
III. IMPORTS (CIF value)				
a) Raw materials		20,712.23		16,988.57
b) Spares, stores and components		295.12		140.06
c) Capital goods		4,367.44		3,535.63
d) Trading goods - non auto related		634.17		1,162.16
IV. EXPENDITURE IN FOREIGN CURRENCY				
a) Travel		44.30		62.30
b) Training		-		0.37
c) Consultancy, retainer				
- Productivity improvement		82.88		69.48
- Marketing		53.55		7.27
- Quality improvement		27.77		0.76
- Manpower recruitment		4.66		-
- Legal and trade marks		<u>140.95</u>		<u>222.97</u>
		309.81		300.48



Schedules (continued)

XXI NOTES ON ACCOUNTS (continued)

	Year ended 31.03.2009	(Rupees in lakhs) Year ended 31.03.2008
IV EXPENDITURE IN FOREIGN CURRENCY (Continued)		
d) Subscriptions	8.95	0.90
e) Computer software	15.87	7.84
f) Rework charges	153.50	6.79
g) Interest on foreign currency loan	927.08	617.44
h) Warehousing fees	519.83	278.52
i) Salaries	94.88	102.32
j) Insurance	5.71	-
k) Rent	9.84	1.31
l) Repairs and Maintenance	19.16	27.21
m) Sitting fees	-	0.15
n) Others	22.45	14.25
V PAYMENT TO NON RESIDENT SHAREHOLDERS		
a) No. of non resident shareholders	One	One
b) No. of shares held by non residents	74,30,000	74,30,000
c) Dividend		
- relating to 31 st March 2009 - I interim	74.30	
- relating to 31 st March 2008 - II interim	130.03	
- relating to 31 st March 2007 - Final	-	148.60
- relating to 31 st March 2008 - I interim	-	520.10
VI EARNINGS IN FOREIGN EXCHANGE		
a) Exports (on FOB basis)	18,339.32	15,681.36
b) Freight and insurance recovery	1,410.64	907.93
c) Interest on deposits	1.38	0.38



Schedules (continued)

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

(Rupees in lakhs)

Product	Quantity in	Year ended 31.03.2009						Year ended 31.03.2008										
		Opening Stock		Production/ Purchases meant for sale		Sales		Closing Stock		Opening Stock		Production		Sales		Closing Stock		
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value	
(A) Manufactured items - Auto related																		
a) Non-ferrous gravity and pressure die castings	MT	2590	5,436.13	17323.21 *	17633.46	45,124.96	2279.75	5,758.79	1650	3,840.14	16442	15501	39,794.34	2590	5,436.13			
b) Others						3,036.88							1,388.20					
(B) Traded Items - Non auto related																		
a) Printers	Nos.	1603	193.80	3236	4721	626.59	118	23.02	277	26.43	11458	10131	1,068.04	1603	193.80			
b) Keyboards	Nos.	1054	1.09	225114	224028	448.56	2140	3.52	-	-	365559	364505	442.70	1054	1.09			
			194.89			1,075.15		26.54		26.43			1,510.74		194.89			
Total						49,236.99							42,693.28					

* Excludes for internal consumption of 21 Mt. (last year 36 Mt.)

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

VENU SRINIVASAN
Managing Director

GOPAL SRINIVASAN
Director

As per our report annexed
For SUNDARAM & SRINIVASAN
Chartered Accountants

V N VENKATANATHAN
Executive Vice President-Finance & Secretary

M BALASUBRAMANIAM
Partner
Membership No. F7945

Chennai
August 26, 2009



Sundaram-Clayton Limited

Cash Flow Statement for the year ended 31st March 2009

		(Rupees in lakhs)	
	Year ended 31.03.2009	Year ended 31.03.2008	
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax and extraordinary items	695.84		3,535.36
Adjustments for:			
Depreciation	3,105.06	2,774.43	
Dividend received	(772.50)	(215.34)	
Amortisation of Foreign Currency Monetary item translation difference account	36.48	-	
Profit on sale of investments (net)	(24.14)	(415.76)	
Interest Income	(417.60)	(235.50)	
Interest expense	2,624.77	1,316.28	
	<u>4,552.07</u>		<u>3,224.11</u>
Operating profit before working capital changes	5,247.91		6,759.47
Adjustments for:			
Inventories	(770.71)	(1,438.37)	
Sundry debtors	(176.49)	5,355.62	
Other current assets	(8.50)	2.77	
Loans and advances	1,964.43	(2,139.24)	
Current liabilities	(1,453.94)	(4,272.06)	
Provisions	44.70	(1,633.28)	
	<u>(400.51)</u>		<u>(4,124.56)</u>
	<u>4,847.40</u>		<u>2,634.91</u>
Direct taxes paid	(585.38)	(1,058.43)	
Net cash from operating activities	(A) 4,262.02		1,576.48
B. CASH FLOW FROM INVESTING ACTIVITIES			
Additions to fixed assets including capital work in progress	(8,656.36)	(5,678.03)	
Transfer of fixed assets to WABCO-TV S (India) Limited on de-merger (net)	-	11,247.29	
Deletion to fixed assets (net)	82.85	276.42	
Redemption of investments	3875.76	10,242.40	
Purchase of investments	(3,662.28)	(8,955.39)	
Profit on sale of investments (net)	24.14	415.76	
Interest received	417.60	235.50	
Dividend received	772.50	215.34	
Miscellaneous expenditure not written off	(449.50)	(299.27)	
Net cash from / (used in) investing activities	(B) (7,595.29)		7,700.02



Cash Flow Statement for the year ended 31st March 2009 (continued)

		Year ended 31.03.2009	Year ended 31.03.2008
			(Rupees in lakhs)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Transfers / cancellation consequent to demerger to WABCO-TVS (India) Limited			
- Share capital	-	(948.38)	
- General reserves	-	(7,832.12)	
- Cancellation of shares held in WABCO-TVS (India) Limited	-	(5.00)	
- Profit and Loss Account	-	(3,435.13)	
- Deferred tax liability	-	(139.66)	(12,360.29)
Long term borrowings:			
Secured loans availed / (repaid)		9,449.87	(2,484.84)
Unsecured loans availed / (repaid)		(433.33)	6,239.21
Interest paid		(2,624.77)	(1,316.28)
Dividend paid		(521.66)	(893.20)
Net cash from / (used in) financing activities	(C)	5,870.11	(10,815.40)
D. NET INCREASE IN CASH AND CASH EQUIVALENTS	(A+B+C)	2,536.84	(1,538.90)
Opening cash and cash equivalents (01 04 2008)			
Cash and bank balances	837.37	971.46	
Cash credit utilisation	(7,765.35)	(6,360.54)	
		(6,927.98)	(5,389.08)
Closing cash and cash equivalents (31 03 2009)			
Cash and bank balances	242.90	837.37	
Cash credit utilisation	(4,634.04)	(7,765.35)	
		(4,391.14)	(6,927.98)

Notes :

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

Chennai 26 th August, 2009	VENU SRINIVASAN <i>Managing Director</i> V N VENKATANATHAN <i>Executive Vice President-Finance & Secretary</i>	GOPAL SRINIVASAN <i>Director</i> M BALASUBRAMANIAM <i>Partner</i> Membership No. F7945	As per our report annexed For SUNDARAM & SRINIVASAN <i>Chartered Accountants</i>
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Sundaram-Clayton Limited

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

Name of the subsidiaries	Anusha Investments Limited, Chennai	TVS Investments Limited, Chennai	TVS Motor Company Limited, Chennai	Auto (India) Engineering Limited, Chennai
1. Financial year of the subsidiaries ended on	31.03.2009	31.03.2009	31.03.2009	31.03.2009
2. Shares of the subsidiaries held by the Company on 31.03.2009				
a) Number and face value-equity	5,00,000 equity shares of Rs.100/- each fully paid	2,71,88,318 equity shares of Rs.10/- each fully paid	2,10,00,000 equity shares of Re.1/- each fully paid	50,000 Equity shares of Rs.10/- each full paid
b) Extent of holding	100%	100%	8.84%	100%
3. Net aggregate amount of profit/losses of the subsidiaries not dealt with in the Company's account so far as it concerns the members of the holding Company	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
a) for the financial year of the subsidiaries	212.42	84.60	274.70	(1.51)
b) for the previous financial years since they became subsidiaries	3,248.09	(762.24)	6,969.10	-
4. Net aggregate amount of profit/losses of the subsidiaries dealt with in the Company's account so far as it concerns the members of the holding Company	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
a) for the financial year of the subsidiary	600.00	-	147.00	-
b) for the previous financial years since they became subsidiary	6,880.00	165.00	1,367.00	-
5. Change of interest of the Company in the subsidiaries between the end of the financial year of the subsidiary and the financial year of the Company.	Not applicable as the subsidiaries close the accounts on 31 st March.			
6. Material changes between the end of the financial year of the subsidiary and the end of financial year of the Company in respect of subsidiaries	Not applicable as the subsidiaries close the accounts on 31 st March.			
i) Fixed assets				
ii) Investments				
iii) Money lent				
iv) Borrowings other than for meeting current liabilities				

Notes : 1. TVS Electronics Limited (TVSE), Chennai is a subsidiary of TVS Investments Limited (TVSI), Chennai, which is a subsidiary of Sundaram-Clayton Limited (SCL), Chennai. Hence TVSE is a subsidiary of SCL u/s 4(1)(c) of the Companies Act, 1956 (the Act).

2. Tumkur Property Holdings Limited, Chennai and Prime Property Holdings Limited, Chennai are wholly owned subsidiaries of TVSE, Chennai which is a subsidiary of TVSI, Chennai. Hence they are subsidiaries of SCL u/s 4(1)(c) of the Act.

3. Sravanaa Properties Limited, Chennai TVS-E Access India Limited, Chennai, TVS Credit Services Limited, Chennai and TVS-E Servicetec Limited, Chennai are wholly owned subsidiaries of TVSI, Chennai. Hence they are subsidiaries of SCL u/s 4(1)(c) of the Act.

4. SCL, Chennai and its wholly owned subsidiary Anusha Investments Limited, Chennai together hold 57.40% of the paid up equity capital of TVS Motor Company Limited (TVSM), Chennai. Hence, TVSM is a subsidiary of SCL, Chennai u/s 4(1)(b) of the Act.

5. SCL, Chennai, its wholly owned subsidiaries viz., Anusha Investments Limited, Chennai and TVSI, Chennai and its subsidiary TVSM, Chennai together hold 88.75% of paid up equity capital of TVS Finance & Services Limited, Chennai. Hence, TVS Finance & Services Limited is a subsidiary of SCL.

6. Sundaram Auto Components Limited (SACL), Chennai being a wholly-owned subsidiary of TVSM is a subsidiary of SCL u/s 4(1)(c) of the Act.

7. TVS Motor (Singapore) Pte Limited, Singapore, TVS Motor Company (Europe) BV, Amsterdam and PT TVS Motor Company Indonesia, Jakarta, being overseas subsidiaries of TVSM are subsidiaries of SCL, Chennai u/s 4(1)(c) of the Act.

venu srinivasan
Managing Director

gopal srinivasan
Director

V N VENKATANATHAN
Executive Vice President-Finance & Secretary

Chennai
26th August, 2009

Consolidated Accounts

for the year ended 31st March 2009



Auditors' report on consolidated accounts

We have audited the attached consolidated Balance Sheet of M/s.Sundaram-Clayton Limited, Chennai 600 006, and its subsidiaries as at 31st March 2009 and also the related Profit and loss account and the Cash flow statement for the year ended on that date, both annexed hereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We did not audit the financial statements of subsidiaries, namely TVS Motor Company (Europe) B.V., Amsterdam, TVS Motor (Singapore) Pte. Ltd., Singapore, PT. TVS Motor Company Indonesia, Jakarta, Sravanaa Properties Limited, Chennai, TVS Finance and Services Limited, Chennai, TVS Capital Funds Limited, Chennai, Tumkur Property Holdings Limited, Chennai and Prime Property Holdings Limited, Chennai, for the year ended 31st March 2009. The financial statements and other information of the subsidiaries have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is solely based on the reports of the other auditors.

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

management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21 read with Accounting Standard 23 issued by the Institute of Chartered Accountants of India, on the basis of the individual financial statements of M/s Sundaram-Clayton Limited, Sundram Non-Conventional Energy Systems Limited, Chennai, an associate of subsidiary, namely M/s.Anusha Investments Limited, Chennai, and the subsidiary companies of M/s.Sundaram-Clayton Limited, referred to in Notes on Accounts Item No. 1D.

In our opinion, and based on our audit, the consolidated financial statements referred to above give a true and fair view of the financial position of M/s.Sundaram-Clayton Limited, its subsidiaries as at 31st March 2009 and of the results of their operations and their cash flows for the year ended in conformity with generally accepted accounting principles in India.

For SUNDARAM & SRINIVASAN
Chartered Accountants

M BALASUBRAMANIYAM
Partner
Membership No. F7945

Chennai
26th August 2009



Sundaram-Clayton Limited

Consolidated Balance Sheet as at 31st March 2009

	Schedule number	As at 31.03.2009	(Rupees in lakhs) As at 31.03.2008
I. SOURCE OF FUNDS			
1. Shareholders' funds			
Capital	I	948.38	948.38
Reserves and surplus	II	42,258.64	58,766.72
		43,207.02	59,715.10
2. Minority interest			
	III	32,329.31	35,012.55
3. Loans			
Secured loans	IV	136,900.85	108,092.14
Unsecured loans	V	56,051.74	47,750.75
		192,952.59	155,842.89
4. Deferred Taxation			
(net of deferred tax assets)	VI	11,064.83	14,478.68
		279,553.75	265,049.22
II. APPLICATION OF FUNDS			
1. Fixed Assets			
Gross block	VII	287,510.85	264,789.83
Less: Depreciation		115,020.61	99,511.59
		172,490.24	165,278.24
Less: Lease terminal adjustment		-	(54.58)
Net block		172,490.24	165,332.82
Capital work-in-progress		8,329.18	4,939.44
2. Investments			
	VIII	21,039.12	14,832.14
3. Foreign currency monetary item translation difference account			
		1,095.97	-
4. Current assets, loans and advances			
Inventories	IX	50,812.84	57,183.45
Stock on Hire		4.31	19.44
Sundry debtors	X	13,871.62	19,324.04
Cash & bank balances	XI	8,324.91	9,207.49
Other current assets	XII	41.51	37.13
Loans & advances	XIII	79,129.52	67,323.12
	(a)	152,184.71	153,094.67
Less: Current liabilities and provisions			
Current liabilities	XIV	74,841.07	71,753.08
Provisions	XV	10,138.70	8,782.14
	(b)	84,979.77	80,535.22
Net current assets	(a)-(b)	67,204.94	72,559.45
5. Miscellaneous expenditure			
(to the extent not written off or adjusted)	XVI	9,394.30	7,385.37
		279,553.75	265,049.22

VENU SRINIVASAN
Managing Director

GOPAL SRINIVASAN
Director

As per our report annexed
For SUNDARAM & SRINIVASAN
Chartered Accountants

Chennai
26th August, 2009

V N VENKATANATHAN
Executive Vice President-Finance & Secretary

M BALASUBRAMANIAM
Partner
Membership No. F7945



Consolidated Profit & Loss Account for the year ended 31st March 2009

	Schedule number	Year ended 31.03.2009	(Rupees in lakhs) Year ended 31.03.2008
Sales (Gross)		470,999.95	435,285.04
Less: Excise duty		(34,858.42)	(52,899.18)
Sales (Net)		436,141.53	382,385.86
Income from finance operations		3,147.07	4,624.29
Other Income	XVII	11,715.58	12,068.80
Income from extraordinary items		(10.49)	1,559.65
Total	(c)	450,993.69	400,638.60
Materials consumed	XVIII	305,260.97	264,564.30
Cost of traded items	XIX	4,274.18	3,925.77
Salaries & wages, stores consumed and other expenses	XX	120,989.59	111,653.01
Interest (net)	XXI	15,128.94	7,892.82
Foreign Currency Monetary item translation difference account		601.48	
Depreciation (vide note in FA schedule)		17,375.36	14,399.46
Provision as per sec 45 IC of Reserve Bank of India Act, 1934		4,422.22	2,103.98
Total	(d)	468,052.74	404,539.34
Profit for the year before tax	(c)-(d)	(17,059.05)	(3,900.74)
Provision for			
- Income tax		441.97	1,544.00
- Fringe benefit tax		436.65	555.66
- Deferred tax		(3,413.85)	(2,918.73)
- MAT credit entitlement		(11.58)	-
Profit for the year after tax		(14,512.24)	(3,081.67)
Provision for investment allowance		-	(27.46)
Pro rata share of (loss) / profit from associate		9.78	(249.07)
Profit for the year after share of profit from associate		(14,502.46)	(3,358.20)
Relating to parent company		(11,775.44)	(2,242.00)
Relating to minority shareholders		(2,727.02)	(1,116.20)
Tax relating to earlier years		(136.22)	(6.37)
Dividend tax set off		56.41	-
Expense relating to earlier years		(2.68)	(235.93)
Profit after tax and expense relating to earlier years		(14,584.95)	(3,600.50)
Balance brought forward from previous year		(15,403.03)	(4,546.00)
Balance brought forward from the current year		(14,584.95)	(3,600.50)
Total		(29,987.98)	(8,146.50)
Interim dividend paid		189.73	384.10
Interim dividend payable		-	331.93
Proposed dividend		189.68	-
Transfer to WABCO-TVS (India) Ltd. on demerger		-	3,435.13
Tax on dividend including surcharge		367.96	468.72
Transfer to statutory reserve under sec 45 IC of the Reserve Bank of India Act, 1934		162.48	69.69
Transfer to general reserve		1,144.51	2,566.96
Balance carried to balance sheet - Parent company		(25,790.93)	(13,366.15)
- Minority interest		(6,251.40)	(2,036.88)
Total		(29,987.98)	(8,146.50)
Notes on accounts	XXII		
Nominal value of equity shares (Rs)		5.00	5.00
Basic earnings per share in rupees on 1,89,67,584 shares		(62.08)	(11.82)
Diluted earnings per share in rupees		(62.08)	(11.82)

VENU SRINIVASAN
Managing Director

GOPAL SRINIVASAN
Director

As per our report annexed
For SUNDARAM & SRINIVASAN
Chartered Accountants

Chennai
26th August, 2009

V N VENKATANATHAN
Executive Vice President-Finance & Secretary

M BALASUBRAMANIAM
Partner
Membership No. F7945



Sundaram-Clayton Limited

Consolidated schedules

	As at 31.03.2009	As at 31.03.2008	
			(Rupees in lakhs)
I. SHARE CAPITAL - Parent company			
Authorised			
2,00,00,000 Equity Shares of Rs. 5/- each	<u>1,000.00</u>	<u>1,000.00</u>	
Issued, subscribed and paid-up			
1,89,67,584 Equity Shares of Rs.5/- each fully paid	<u>948.38</u>	<u>948.38</u>	
Of the above			
i) 94,460 equity shares of Rs.10/- each have been allotted for consideration other than cash against supply of machinery			
ii) 1,70,09,529 equity shares of Rs.10/- each have been allotted as bonus shares by capitalisation of general reserve to the extent of Rs.15,87,14,740 and capitalisation of share premium of Rs.1,13,80,550			
(During the year 2007-08 the face value of the share Authorised, issued, Subscribed and Paid-up was reduced from Rs. 10/- each to Rs. 5/- each consequent to the Scheme of de-merger sanctioned by the Hon'ble High Court of Judicature at Madras)			
II. RESERVES AND SURPLUS			
Capital reserve - Parent company	3,397.00	3,397.00	
- On amalgamation	401.60	401.60	
- On consolidation	8,509.44	9,359.13	
- Others	104.23	104.23	
Less: Goodwill	<u>(3,534.50)</u>	<u>(3,772.17)</u>	9,489.79
Share premium	149.29	193.80	
Investment subsidy	6.67	6.67	
Statutory reserve u/s 45 IC of Reserve Bank of India Act, 1934	2,173.59	2,001.19	
Foreign currency translation reserve	(105.62)	193.79	
Investment allowance reserve	16.40	27.46	
General reserve	56,925.70	60,212.61	
Less: Debit balance in Profit and Loss A/c	<u>(25,790.93)</u>	<u>(13,366.15)</u>	46,846.46
Employee stock option	5.77	7.56	
Total	<u>42,258.64</u>	<u>58,766.72</u>	
III. MINORITY INTEREST			
Share capital	2,189.83	2,160.83	
Reserves	36,390.88	34,888.60	
Debit balance in Profit and Loss account	<u>(6,251.40)</u>	<u>(2,036.88)</u>	35,012.55
	<u>32,329.31</u>	<u>35,012.55</u>	
IV. SECURED LOANS			
External commercial borrowings	51,463.08	40,130.00	
Term loans from banks and financial institutions	28,714.59	35,186.66	
Redeemable and Non-convertible Bonds & Debentures	8,602.18	14,988.33	
Cash credit from banks	<u>48,121.00</u>	<u>17,787.15</u>	
(The description of securities and mode of redemption are given in the annual reports of the respective companies.)	<u>136,900.85</u>	<u>108,092.14</u>	

Consolidated schedules (Continued)

(Rupees in lakhs)

	As at 31.03.2009	As at 31.03.2008
V. UNSECURED LOANS		
Long term		
From banks	2,386.00	1,970.50
From others	2,840.18	1,909.25
Short term		
From banks	29,419.50	33,504.00
Other deposits / loans	21,406.06	10,367.00
	<u>56,051.74</u>	<u>47,750.75</u>
VI. DEFERRED TAXATION (NET)		
Deferred tax liabilities		
Tax on depreciation	15,287.28	12,727.89
Amortisation allowance	6,392.60	5,551.37
	(a) <u>21,679.88</u>	<u>18,279.26</u>
Less: Deferred tax assets		
On employees' related schemes	681.58	659.96
On other timing differences	9,933.47	3,140.62
	(b) <u>10,615.05</u>	<u>3,800.58</u>
Net deferred tax liability	(a-b) <u>11,064.83</u>	<u>14,478.68</u>

VII. FIXED ASSETS

Description	Freehold Land	Lease hold Land	Buildings	Plant & Machinery, Dies & Jigs and Computers	Intellectual property rights	Furniture, Fixture, Office & Electrical Equipments	Vehicles	Others	Total as at	
									31.03.2009	31.03.2008
Cost of Assets										
As on 01.04.2008	19,790.83	2,421.22	34,487.95	195,275.93	800.00	9,765.65	1,233.09	1,015.16	264,789.83	229,191.07
Additions	6,563.31	(389.00)@	1,314.73	16,843.63	-	1,068.73	101.27	122.99	25,625.66	62,993.77
Less: Sales/Transfer/discarded	1,015.86	6.85	23.89	1,438.53	-	342.07	77.44	-	2,904.64	27,395.01
Total	25,338.28	2,025.37	35,778.79	210,681.03	800.00	10,492.31	1,256.92	1,138.15	287,510.85	264,789.83
Depreciation/ Amortisation										
Upto 31.03.2008	-	12.44	5,462.66	85,480.57	411.67	6,638.23	716.11	789.91	99,511.59	95,572.18
For the year	-	20.00	1,205.25	14,615.04	76.00	855.98	156.48	225.78	17,154.53*	14,424.99
Increase/(Decrease) upon revaluation	-	-	-	-	-	-	-	-	-	-
Deductions on sales/transfer/discarded	-	-	5.45	1,242.87	-	329.23	67.96	-	1,645.51	10,485.58
Total	-	32.44	6,662.46	98,852.74	487.67	7,164.98	804.63	1,015.69	115,020.61	99,511.59
Written down value										
As at 31.03.2009	25,338.28	1,992.93	29,116.33	111,828.29	312.33	3,327.33	452.29	122.46	172,490.24	-
As at 31.03.2008	19,790.83	2,408.78	29,025.29	109,795.36	388.33	3,127.42	516.98	225.25	-	165,278.24

@ Represents cost of leasehold land transferred to freehold land on transfer of title

* Depreciation is net of an amount of Rs.107.38 lakhs, being the depreciation attributable to exchange gain relating to the year 2007-08 which was credited to carrying cost of fixed asset as per amendments to AS 11 and lease equalisation charges of Rs.113.45 lakhs, aggregating to Rs.220.83 lakhs

CAPITAL WORK-IN-PROGRESS (at cost)

	As at 31.03.2009	As at 31.03.2008
Building under construction	2,216.07	349.99
Machinery in transit/installation	5,988.80	4,369.05
Others	124.31	220.40
Total	8,329.18	4,939.44



Sundaram-Clayton Limited

Consolidated schedules (Continued)

		(Rupees in lakhs)	
		As at 31.03.2009	As at 31.03.2008
VIII.	INVESTMENTS - (AT COST)		
	QUOTED INVESTMENTS		
	Trade	171.83	313.15
	Non-trade	10,466.44	11,992.05
		10,638.27	12,305.20
		(a)	
	UNQUOTED INVESTMENTS		
	Trade	8,745.80	2,624.62
	Add: Pro-rata equity interest in associate (net)	45.46	(255.27)
	Less: Pre-acquisition loss of associate	-	(529.00)
	Non-trade	1,609.59	686.59
		10,400.85	2,526.94
		(b)	
	Total investments	21,039.12	14,832.14
		(a+b)	
	Short term investments	10,464.74	9,480.50
	Long term investments	10,574.38	5,351.64
		21,039.12	14,832.14
	Aggregate market value of quoted investments	9,419.49	11,639.57
IX.	INVENTORIES		
	Raw materials and components *	17,961.21	14,792.12
	Work-in-process *	3,480.94	3,620.38
	Finished goods *	16,266.68	20,774.14
	Stores *	10,297.69	10,877.68
	Goods-in-transit at cost	2,222.38	6,436.01
	Other inventory	0.48	0.48
	Traded items at cost	583.46	682.64
		50,812.84	57,183.45
	* At lower of weighted average cost or net realisable value, as prescribed in Accounting Standard 2 issued by The Institute of Chartered Accountants of India.		
X.	SUNDRY DEBTORS-UNSECURED		
	Debts outstanding for a period exceeding six months	3,562.44	1,712.55
	- Considered good	534.19	309.00
	- Considered doubtful	4,096.63	2,021.55
	Total	10,309.18	17,611.49
	Other debts	14,405.81	19,633.04
	Less: Provision for bad and doubtful debts	534.19	309.00
		13,871.62	19,324.04
XI.	CASH AND BANK BALANCES		
	Cash, cheques and stamps on hand	501.00	234.15
	With scheduled banks		
	Current accounts	5,603.02	1,975.87
	Term deposit account	379.38	5,711.27
	Cash credit account	58.54	51.65
	Escrow account	0.31	450.00
	With others		
	Balance with non scheduled banks	1,782.66	18.21
	Post Offices	-	635.59
	ECS Monitoring Agencies	-	130.75
		8,324.91	9,207.49

Consolidated schedules (Continued)

		(Rupees in lakhs)	
		As at/ Year ended 31.03.2009	As at/ Year ended 31.03.2008
XII.	OTHER CURRENT ASSETS		
	Interest accrued on investments and deposits	41.51	37.13
		<u>41.51</u>	<u>37.13</u>
XIII.	LOANS AND ADVANCES		
	Secured, considered good	10,685.83	23,083.74
	Unsecured, considered good		
	Inter corporate advances	20,835.28	974.00
	Tax deducted at source and advance tax - net of provisions	3,512.82	5,333.08
	Advances recoverable in cash or in kind or for value to be received	40,311.58	34,244.39
	Deposits	3,784.01	3,687.91
		<u>79,129.52</u>	<u>67,323.12</u>
XIV.	CURRENT LIABILITIES		
	Sundry creditors	65,396.64	62,688.19
	Interest accrued but not due on loans	517.06	385.06
	Unexpired service contracts	69.75	141.96
	Other liabilities	8,857.62	8,537.87
		<u>74,841.07</u>	<u>71,753.08</u>
XV.	PROVISIONS		
	Interim dividend payable	-	331.93
	Proposed final dividend	189.68	-
	Dividend tax	283.00	386.44
	Pension	4,539.17	4,102.90
	Leave salary	655.00	691.86
	Warranty	1,131.02	1,114.27
	Provision for staff benefit scheme	84.36	58.70
	Provision as per sec 45 IC of Reserve Bank of India Act, 1934	2,800.46	847.18
	Diminution in value of shares	22.00	1,020.20
	Others	434.01	228.66
		<u>10,138.70</u>	<u>8,782.14</u>
XVI.	MISCELLANEOUS EXPENDITURE		
	(to the extent not written off or adjusted)		
	New product launch expenses	7,896.00	6,391.00
	Share issue and preliminary expenses	-	1.10
	Upfront fee on foreign currency loans	277.93	426.00
	Voluntary Retirement Scheme expenses	515.00	268.00
	Other Expenses	705.37	299.27
		<u>9,394.30</u>	<u>7,385.37</u>
XVII.	OTHER INCOME		
	Sale of scrap & empties	847.57	2,801.17
	Lease rent	23.68	23.68
	Management services	1,796.73	748.00
	Profit on sale of assets	3,198.81	1,959.06
	Dividend	167.35	487.86
	Profit on sale of investments	175.05	1,914.41
	Miscellaneous income	5,505.71	4,133.95
	Rent receipts	0.68	0.67
		<u>11,715.58</u>	<u>12,068.80</u>



Sundaram-Clayton Limited

Consolidated schedules (Continued)

	(Rupees in lakhs)	
	Year ended 31.03.2009	Year ended 31.03.2008
XVIII. MATERIALS CONSUMED		
Opening stock :		
Raw materials	14,792.12	17,042.18
Work-in-process	3,620.38	3,625.48
Finished goods	20,774.14	16,765.43
	<u>39,186.64</u>	<u>37,433.09</u>
Less : Transfer to WABCO-TVS (India) Limited on demerger	-	1,532.47
	<u>39,186.64</u>	<u>35,900.62</u>
Add : Purchases	303,783.16	267,850.32
Total (a)	<u>342,969.80</u>	<u>303,750.94</u>
Less : Closing stock :		
Raw materials	17,961.21	14,792.12
Work-in-process	3,480.94	3,620.38
Finished goods	16,266.68	20,774.14
Total (b)	<u>37,708.83</u>	<u>39,186.64</u>
Net (a)-(b)	<u>305,260.67</u>	<u>264,564.30</u>
XIX. COST OF TRADED ITEMS		
Opening stock :	682.64	423.01
Add : Purchases	4,175.00	4,185.40
Total	<u>4,857.64</u>	<u>4,608.41</u>
Less : Closing stock	583.46	682.64
Net	<u>4,274.18</u>	<u>3,925.77</u>
XX. SALARIES & WAGES, STORES CONSUMED AND OTHER EXPENSES		
Salaries, wages and bonus	28,318.02	23,848.46
Contribution to provident and other funds	2,205.07	1,251.81
Workmen and staff welfare expenses	3,558.13	3,611.66
Stores and tools consumed	7,392.11	7,106.74
Power and fuel	8,207.89	7,130.25
Rent	1,593.81	1,311.44
Rates and taxes	426.58	538.10
Repairs and maintenance		
Building	1,236.29	1,094.87
Machinery	4,208.44	4,142.16
Other assets	949.45	688.65
Insurance	388.86	567.64
Directors' sitting fees	24.37	19.20
Commission to independent directors	17.00	18.00
Audit fees (including service tax)	84.30	94.98
Packing and forwarding	14,265.40	11,259.61
Advertisement and publicity	11,989.93	10,441.60
Other marketing expenses	14,056.00	15,700.25
Sales commission	1,210.00	1,277.28
Cash discount	11.48	2.33
Loss on sale of fixed assets	67.28	148.30
Other expenses	20,584.18	21,204.68
Miscellaneous expenditure written off	195.00	195.00
	<u>120,989.59</u>	<u>111,653.01</u>

Consolidated schedules (Continued)

	(Rupees in lakhs)	
	Year ended 31.03.2009	Year ended 31.03.2008
XXI. INTEREST		
a) On fixed loans	9,797.33	5,939.04
b) Others	7,498.25	3,863.90
	Total (A)	9,802.94
Less: Interest income		
a) On non-trade investment (gross)	28.78	-
b) On advances and deposits (gross)	2,137.86	1,910.12
	Total (B)	1,910.12
	(A)-(B)	7,892.82

XXII NOTES ON ACCOUNTS

1 Consolidation of accounts

A Basis of accounting

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

B Principles of consolidation

The consolidated accounts have been prepared based on line-by-line consolidation by adding together the book values of like items of assets, liabilities, income and expenses as per the accounts of the parent company and its subsidiaries duly certified by the auditors of the respective companies.

Intra-group balances, intra-group transactions and the unrealised profit on stocks arising out of intra-group transactions have been eliminated.

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

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

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

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.

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

Name of the subsidiary company	Country of incorporation	Shareholding as on	Extent of holding (%)	
			Direct	Indirect
Subsidiaries				
Anusha Investments Ltd, Chennai	India	31-03-2009	100.00	
TVS Investments Ltd, Chennai	India	31-03-2009	100.00	
Auto (India) Engineering Ltd, Chennai	India	31-03-2009	100.00	
TVS Motor Company Ltd, Chennai	India	31-03-2009	8.84	48.56
Sundaram Auto Components Ltd, Chennai	India	31-03-2009	-	57.40
TVS Motor (Singapore) Pte Ltd, Singapore	Singapore	31-03-2009	-	57.40
TVS Motor Company (Europe) B.V., Amsterdam	Netherlands	31-03-2009	-	57.40
PT TVS Motor Company Indonesia, Jakarta	Indonesia	31-03-2009	-	57.40
TVS Electronics Ltd, Chennai	India	31-03-2009	-	59.72
TVS Capital Funds Ltd, Chennai	India	31-03-2009	-	100.00
TVS-E Access India Ltd, Chennai	India	31-03-2009	-	100.00
TVS-E Servicetec Ltd, Chennai	India	31-03-2009	-	100.00
TVS Finance and Services Ltd, Chennai	India	31-03-2009	-	71.82
Sravanaa Properties Ltd, Chennai	India	31-03-2009	-	100.00
Tumkur Property Holdings Ltd, Chennai	India	31-03-2009	-	59.72
Prime Property Holdings Ltd, Chennai	India	31-03-2009	-	59.72
TVS Credit Services Ltd, Chennai	India	31-03-2009	-	100.00
Associate				
Sundram Non-Conventional Energy Systems Limited, Chennai	India	31-03-2009	-	23.53



CONSOLIDATED NOTES ON ACCOUNTS (continued)

(Rupees in lakhs)

	As at / Year ended 31.03.2009	As at / Year ended 31.03.2008
XXII NOTES ON ACCOUNTS (continued)		
1 Consolidation of accounts (continued)		
E Other Significant Accounting Policies		
Accounting Standards 1 to 29 (wherever applicable) issued by The Institute of Chartered Accountants of India have been duly considered while preparing the accounts of each company and the same have been explained in detail in the notes on accounts of the respective companies. These may be referred to. The statements made therein form part of the consolidated accounts. Accounts of subsidiaries located outside India have been prepared and audited in accordance with the laws of the respective countries.		
2 Sundry creditors include		
a) Amount liable to be transferred to Investors Education and Protection fund:		
- Unpaid dividend	141.28	138.85
- Unclaimed deposits	1.79	0.51
b) Due to directors	12.32	91.94
c) Amount due to Small Scale Industrial units	3,085.06	2,592.42
d) Amount due to other industrial units	42,854.20	36,809.78
3 Bank balance- (a) in unpaid dividend account	141.28	138.85
- (b) balance lying with Non-scheduled banks		
(i) HSBC Private Bank (Suisse) SA, Singapore		
- in 24 hrs. call deposit account	5.00	4.00
(ii) The HSBC Bank Plc, London, UK		
- in Current Account	-	2.84
- in term deposit account	-	485.57
(iii) Bank of America, Chicago, USA		
- in Current Account	7.34	8.13
(iv) The Hongkong and Shanghai Banking Corpn. Ltd, Hongkong		
- in deposit account	13.00	10.00
(v) Industrial and Commercial Bank of China		
- in current account	1.66	3.21
- in deposit account	3.00	1.00
- (c) Maximum balance lying with non-scheduled banks at any time during the year		
(i) HSBC Private Bank (Suisse) SA, Singapore	5.00	6,640.00
(ii) The Hong Kong and Shanghai Banking Corpn. Ltd., Hong Kong	13.00	12.00
(iii) Industrial and Commercial Bank of China	32.00	15.00
(iv) HSBC Bank Plc, London, UK	3,614.03	827.61
(v) Bank of America, Chicago, USA	31.82	24.01
4 Loans and advances include:		
(a) Deposit with central excise	70.44	25.20
(b) Due from officer of the companies	21.82	21.66
(c) Deposits with sales tax	221.14	316.32
(d) Deposit with post office	32.27	638.64
(e) Maximum amount due from an officer of the company at any time during the year	31.54	21.69
(f) Deposit with ECS Monitoring agencies	9.10	130.75

CONSOLIDATED NOTES ON ACCOUNTS (continued)

	(Rupees in lakhs)	
	As at / Year ended 31.03.2009	As at / Year ended 31.03.2008
5 Contingent liability not provided for		
(a) On counter guarantees given to bankers	574.33	78.50
(b) On letters of credit opened with bankers	5,381.71	7,961.21
(c) On partly paid shares	0.04	0.04
(d) Estimated amount of contracts remaining to be executed on capital account	1,359.70	5,837.19
(e) On guarantees furnished on behalf of employees	126.31	125.90
(f) On account of future export obligations (under Export Promotion Capital Goods Scheme)	8,936.31	8,825.89
(g) On bills discounted	7,761.52	3,964.33
(h) Recourse obligations in respect of securitised/assigned contracts	1,945.98	2,551.52
(i) Capital commitment	3,850.00	5,100.00
(j) Others	3.48	292.98
6 Tax deducted at source on		
a) Interest receipts	426.41	474.70
b) Service Charges	316.46	357.60
c) Rent	1.30	1.98
d) Contract income	52.20	74.50
e) Other income	27.22	28.85
7 Repairs include		
a) Stores consumed	1,873.05	1,828.34
b) Wages	422.45	340.68
8 Liability contested and not provided for		
a) Excise duty	2,580.70	3,310.84
b) Income tax	5,955.43	4,404.82
c) Wealth tax	14.61	14.61
d) Sales tax	443.50	317.52
e) Others	106.93	61.00
f) Service tax	1,658.03	822.55
g) Customs	285.53	113.00
h) Electricity Tax	71.84	45.00
i) Employee settlement claims	6.00	5.00
j) Land acquisition	25.00	25.00
9 Depreciation		
* Including lease equalisation charges Rs. 113.45 lakhs (last year - Rs. (-) 25.53 lakhs)	17,375.36	14,399.46
10 Loss on sale of investments netted against profit on sale of investments	77.42	128.00
11 Last year's figures have been regrouped wherever necessary to conform to this year's classification		



Consolidated Notes on Accounts (Continued)

12 Segment revenues, results and other information

Information about primary business segments

(Rupees in lakhs)

Particulars	Business segment										Total	
	Automotive components		Motor Vehicles		Computer peripherals		Financial Services		Others			
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008		
External sales – domestic	60,114.78	24,888.59	285,578.42	297,548.13	18,973.04	20,229.98	14,015.08	4,929.47	3,648.46	2,420.89	382,329.78	349,967.06
– exports	18,642.24	16,909.08	49,903.00	31,339.00	129.16	863.82	-	-	-	-	68,674.40	49,111.90
Inter segment sales	19,260.78	17,239.95	36,711.58	3,049.87	-	80.27	1.72	278.09	968.32	226.93	56,942.40	20,875.11
Total sales	98,017.80	58,987.62	372,193.00	331,937.00	19,102.20	21,174.07	14,016.80	5,207.56	4,616.78	2,647.82	507,946.58	419,954.07
Less: Inter segment sales	19,260.78	17,239.95	36,711.58	3,049.87	-	80.27	1.72	278.09	968.32	226.93	56,942.40	20,875.11
Net Revenue	78,757.02	41,747.67	335,481.42	328,887.13	19,102.20	21,093.80	14,015.08	4,929.47	3,648.46	2,420.89	451,004.18	399,078.96
Segment results before interest and tax	2,662.65	4,513.13	(1,856.78)	(2,158.78)	(316.38)	2,064.45	(1,976.58)	(251.45)	68.97	(175.27)	(1,418.12)	3,992.08
Add: Inter segment revenue											9.79	(249.07)
Less: Investment allowance reserve/Amortisation of foreign currency trsn. res.											(512.00)	(27.46)
Less: Interest											(15,128.94)	(7,892.82)
Profit before tax											(17,049.27)	(4,177.27)
Taxes											(2,546.81)	819.07
Profit after tax											(14,502.46)	(3,358.20)
Segment Assets	74,164.05	66,051.54	227,911.00	213,343.00	13,204.76	13,039.01	68,993.83	61,135.01	10,215.45	8,122.54	394,489.09	361,691.10
Segment Liabilities	12,665.01	10,473.62	64,000.00	59,678.00	4,552.00	3,891.29	37,515.97	18,126.40	2,927.89	2,322.65	121,660.87	94,491.96
Total cost incurred during the year to acquire segment assets	9,814.90	8,192.96	18,846.00	33,566.00	523.55	718.82	16,214.21	126.90	1,869.06	1,996.78	47,267.72	44,601.46
Segment Depreciation	3,782.19	3,361.39	12,638.00	10,298.00	475.88	521.96	309.87	153.76	169.41	64.35	17,375.35	14,399.46
Non-cash expenses other than depreciation	36.48	299.27	760.00	7,085.00	-	-	-	-	-	1.10	796.48	7,385.37

Notes :

The Company and its subsidiaries cater mainly to the needs of the domestic market.

The export turnover is not significant in the context of the total turnover. As such there are no reportable geographical segments.

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

CONSOLIDATED NOTES ON ACCOUNTS (continued)

Related party disclosures

13 (a) List of Related Parties:

Associate Companies	(i)	T V Sundram Iyengar & Sons Limited, Madurai
	(ii)	Sundaram Industries Limited, Madurai
	(iii)	Southern Roadways Limited, Madurai
	(iv)	Sundram Non Conventional Energy Systems Limited, Chennai
	(v)	Clayton Dewandre Holdings Limited, United Kingdom
Key Management Personnel		
Mr Venu Srinivasan	(i)	Managing director , Sundaram-Clayton Limited, Chairman and managing director , TVS Motor Company Limited.
Mr Gopal Srinivasan	(ii)	Joint managing director , Sundaram-Clayton Limited. (Upto 18 th August 2008) Chairman and managing director , TVS Capital Funds Limited
Mr H Lakshmanan	(iii)	Whole-time director , Anusha Investments Limited

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

13 (b) Particulars of transactions with related parties during the year 2008-2009.

(Rupees in lakhs)

Sl. No.	Nature of transactions	Name of the Company	Amount
1	Purchase of goods	TV Sundram Iyengar & Sons Ltd., Madurai	2.47 -
2	Receiving of services	Sundram Non Conventional Energy Systems Ltd, Chennai	46.26 (52.73)
3	Lease rent received	Sundram Non Conventional Energy Systems Ltd, Chennai	23.68 (23.68)
4	Payables	Sundram Non Conventional Energy Systems Ltd, Chennai	- (1.70)

Previous year's figures are furnished in brackets

14. Consolidated Cash Flow Statement for the year ended 31st March 2009

		(Rupees in lakhs)	
		Year ended 31.03.2009	Year ended 31.03.2008
A CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax and extraordinary items		(17,059.05)	(3,900.74)
Adjustments for :			
Depreciation & Lease equalisation charges (net)		17,375.36	14,926.04
Amortisation of Foreign currency monetary item translation difference account		601.48	-
Exchange difference on restatement of foreign subsidiaries balances		(525.00)	-
Misc. expenditure written off in P&L account		195.00	-
Write back of provision for diminution in value of investments		(1,529.00)	-
Profit of associate included in consolidation		(9.78)	-
Profit on sale of fixed assets (net)		(3,131.53)	(1,959.06)
Profit on sale of investments (net)		(175.05)	(1,914.41)
Dividend received		(167.35)	(487.86)
Interest & Finance charges		17,295.58	9,802.94
Interest income		(2,166.64)	(1,910.12)
Operating profit before working capital changes	(a)	<u>10,704.02</u>	<u>14,556.79</u>
Adjustments for :			
Inventories		6,476.22	(2,919.75)
Sundry debtors		5,452.42	9,130.45
Other current assets		(4.38)	50.32
Loans & advances		(13,626.66)	(2,543.84)
Current liabilities		3,087.99	(6,770.12)
Provisions		1,602.25	(1,990.07)
Deferred revenue expenditure		(2,008.93)	(1,530.69)
Sub-total	(b)	<u>978.91</u>	<u>(6,573.70)</u>
Sub-total	(a) + (b) = (c)	<u>11,682.93</u>	<u>7,983.09</u>
Direct taxes (paid) / refund		814.33	(4,146.62)
Net cash from operating activities	(d)	<u>12,497.26</u>	<u>3,836.47</u>
B CASH FLOW FROM INVESTING ACTIVITIES			
Additions to fixed assets		(18,266.45)	(41,109.98)
Deletion to fixed assets (net)		243.27	16,909.43
Profit / (Loss) on sale of fixed assets		(359.75)	1,959.06
Redemption / (Purchase) of Investments		(7,944.05)	2,082.96
Profit on sale of investments (net)		175.05	1,914.41
Interest received		2,166.64	1,910.12
Interest paid & Finance Charges		(17,574.86)	(9,802.94)
Dividend received		167.35	487.86
Net cash used in investing activities	(e)	<u>(41,392.80)</u>	<u>(25,649.08)</u>

Cash Flow Statement (continued)

		(Rupees in lakhs)
	Year ended 31.03.2009	Year ended 31.03.2008
C CASH FLOW FROM FINANCING ACTIVITIES		
Transfers / cancellation consequent to de-merger to WABCO-TVS (India) Limited		
Share capital	-	(948.38)
Cancellation of shares held in WABCO-TVS (India) Limited	-	(5.00)
General reserves	-	(7,832.12)
Profit and Loss Account	-	(3,435.13)
Deferred tax liability	-	(139.66)
	<u>-</u>	<u>(12,360.29)</u>
Increase / (Decrease) in Long term borrowings	(8,338.80)	13,443.63
Increase in Short term borrowings	6,954.56	5,940.98
Dividend paid (including dividend tax)	(936.65)	(995.32)
Net cash from/(used) in financing activities	(f) (2,320.89)	<u>6,029.00</u>
D NET INCREASE IN CASH AND CASH EQUIVALENTS	(d) + (e) + (f) (31,216.43)	(15,783.61)
Opening cash and cash equivalents as at 1 st April 2008		
Cash and bank balances	9,207.49	20,044.71
Cash credit utilisation	(17,787.15)	<u>(12,840.76)</u>
	(8,579.66)	7,203.95
Closing cash and cash equivalents as at 31 st March 2009		
Cash and bank balances	8,324.91	9,207.49
Cash credit utilisation	(48,121.00)	<u>(17,787.15)</u>
	(39,796.09)	(8,579.66)

Note:

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

	venu srinivasan <i>Managing Director</i>	gopal srinivasan <i>Director</i>	As per our report annexed For SUNDARAM & SRINIVASAN <i>Chartered Accountants</i>
Chennai 26 th August, 2009	V N VENKATANATHAN <i>Executive Vice President-Finance & Secretary</i>		M BALASUBRAMANIAM <i>Partner</i> Membership No. F7945



Consolidated accounts of Sundaram-Clayton Limited and its subsidiaries

ANNEXURE TO CONSOLIDATED ACCOUNTS OF THE COMPANY AND ITS SUBSIDIARIES FURNISHED IN TERMS OF CENTRAL GOVERNMENT'S APPROVAL UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 VIDE ITS LETTER NO. 47/602/2009-CL-III DATED 3rd AUGUST, 2009

Particulars	Name of subsidiaries																
	TVS Motor Company Ltd.	Sundaram Auto Components Ltd.	TVS Finance & Services Ltd.	TVS Electronics Ltd.	TVS Anusha Investments Ltd.	TVS Investments Ltd.	TVS Motor Europe B.V. Ltd.	TVS Motor (Singapore) Pte. Ltd.	PT TVS Motor Company Indonesia	Sravanaa Properties Ltd.	Auto (India) Engineering Ltd.	TVS-E Access India Ltd.	TVS-E Service-tec Ltd.	Tumkur Property Holdings Ltd.	TVS Credit Services Ltd.	Prime Property Holdings Ltd.	TVS Capital Funds Ltd.
Reporting Currency	INR in Lakhs	INR in Lakhs	INR in Lakhs	INR in Lakhs	INR in Lakhs	INR in Lakhs	US Dollars in Millions	INR in Lakhs	Singapore \$ in Millions	INR in Lakhs	Indo-nesia Rupiah in Millions	INR in Lakhs	INR in Lakhs	INR in Lakhs	INR in Lakhs	INR in Lakhs	INR in Lakhs
(a) Capital	2,375.00	740.00	11,171.08	1,767.28	500.00	2,718.83	20.70	9,163.00	36.03	10,764.00	438,300.00	19,143.00	5.00	1,200.00	5.00	5.00	430.00
(b) Reserves	78,641.00	2,934.83	(12,574.14)	2,522.62	3,341.54	1,623.83	(0.31)	(546.00)	(0.01)	(411.00)	250,857.29	(10,595.00)	(35.92)	(221.06)	(0.41)	(22.44)	11.35
(c) Total assets	240,775.00	15,260.78	41,299.76	14,750.03	5,024.60	15,941.45	20.39	8,617.00	36.02	10,353.00	596,770.04	26,680.00	5,514.02	2,891.33	4.52	1,447.99	837.82
(d) Total liabilities	240,775.00	15,260.78	41,299.76	14,750.03	5,024.60	15,941.45	20.39	8,617.00	36.02	10,353.00	596,770.04	26,680.00	5,514.02	2,891.33	4.52	1,447.99	837.82
(e) Details of investment (*)	15,552.00	1.70	30.00	1,430.73	1,546.52	818.29	-	-	-	-	-	-	-	-	-	-	-
(f) Turnover including other income	374,118.00	48,068.48	15,247.43	19,540.23	1,035.77	2,207.47	-	-	-	-	98,900.49	4,454.00	3.00	4,712.16	-	-	1,063.31
(g) Profit before taxation	3,110.00	(207.40)	179.98	(59.21)	824.64	120.32	(0.05)	(24.00)	0.01	2.00	(257,066.25)	(11,541.00)	(14.62)	46.19	(0.24)	(10.00)	154.96
(h) Provision for taxation	2.00	48.00	(70.32)	71.86	13.20	35.72	-	-	-	-	(61,152.15)	(2,750.00)	-	16.00	-	-	13.51
(i) Profit after taxation	3,108.00	(255.40)	250.30	(61.07)	811.44	84.60	(0.05)	(24.00)	0.01	2.00	(195,914.10)	(6,791.00)	(14.62)	30.19	(0.24)	(10.26)	141.45
(l) Proposed dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(*) except in case of investment in subsidiaries
The financial statements of subsidiaries whose reporting currency are other than INR are converted into Indian Rupees on the basis of appropriate exchange rate.

Particulars	For assets and liabilities at Closing exchange Rate	For Profit & Loss items at Daily Average Rate
US Dollar to INR	Rs. 50.72 per US Dollar	Rs. 46.47 per US Dollar
Indonesian Rupiah to INR	Rs. 0.0045 per Indonesian Rupiah	Rs. 0.0045 per Indonesian Rupiah
Singapore \$ to INR	Rs. 34.32/Singapore \$	Rs. 32.22/Singapore \$

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