

*Sundaram-Clayton Limited* 

*48th Annual Report 2010*

**Board of Directors**

VENU SRINIVASAN  
*Managing Director*

SURESH KRISHNA

K MAHESH

GOPAL SRINIVASAN

T K BALAJI

DR LAKSHMI VENU  
*Director - Strategy*

VICE ADMIRAL P J JACOB (Retd.)

SURESH KUMAR SHARMA

S SANTHANAKRISHNAN

V SUBRAMANIAN

T R SRIDHARAN

**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**

V N VENKATANATHAN

**Secretary**

R RAJA PRAKASH

**Audit Committee**

VICE ADMIRAL P J JACOB (Retd.)

*Chairman*

T K BALAJI

V SUBRAMANIAN

T R SRIDHARAN

**Investors' Grievance Committee**

SURESH KRISHNA

*Chairman*

VENU SRINIVASAN

K MAHESH

T K BALAJI

**Bankers**

STATE BANK OF INDIA  
Corporate Accounts Group Branch  
Greams Dugar  
Greams 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"  
No. 29 (Old 8) Haddows Road  
Chennai - 600 006, Tamil Nadu, India.  
Tel. : 044 - 2827 2233  
Fax : 044 - 2825 7121

**Share Transfer Department**

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

**Factory**

**Chennai**

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

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

**Hosur**

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

**Website**

www.sundaramclayton.com

**Subsidiary Companies**

Anusha Investments Limited  
TVS Motor Company Limited  
TVS Motor (Singapore) Pte Limited  
TVS Motor Company (Europe) B.V  
PT.TVS Motor Company Indonesia  
Sundaram Auto Components Limited  
TVS Energy Limited  
TVS Investments Limited  
TVS Electronics Limited  
Sravanaa Properties Limited  
TVS Capital Funds Limited  
TVS-E Access India Limited  
TVS-E Servicetec Limited  
Tumkur Property Holdings Limited  
Prime Property Holdings Limited

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## Sundaram-Clayton Limited

### FINANCIAL HIGHLIGHTS INCLUDING SELECTED INDICATORS AND RATIOS

Rupees in crores

Year ended	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Profit and Loss Account</b>										
Sales	240.6	246.8	299.1	417.4	536.3	629.3	816.2	426.9	492.4	492.7
Other income	14.6	18.3	24.2	28.4	32.5	45.3	48.6	34.5	36.3	46.3
Total income	255.2	265.1	323.3	445.8	568.8	674.6	864.8	461.4	528.7	539.0
Gross profit before interest, depreciation & tax (EBIDTA)	34.9	41.5	59.0	82.1	101.6	141.1	176.1	73.9	60.1	71.8
Depreciation	9.5	10.9	12.0	15.3	21.4	26.9	32.8	27.7	31.0	37.6
Profit before interest & tax	25.4	30.6	47.0	66.8	80.2	114.2	143.3	46.2	29.1	34.2
Interest	1.5	1.3	(1.3)	0.5	3.8	7.9	15.2	10.8	22.1	20.5
Profit before taxation	23.9	29.3	48.3	66.3	76.4	106.3	128.1	35.4	7.0	13.7
Profit after taxation	17.7	21.9	36.1	46.0	53.4	75.3	91.6	23.9	6.3	12.4
<b>Balance Sheet</b>										
Net Fixed assets	96.2	99.6	124.8	183.8	275.1	302.5	326.4	240.2	304.3	307.4
Investments	43.0	48.3	43.2	55.0	57.1	71.0	82.3	69.4	67.3	73.4
Net current assets	46.2	24.5	28.1	23.3	30.4	77.4	170.6	213.7	219.0	172.6
Total	185.4	172.4	196.1	262.1	362.6	450.9	579.3	523.3	590.6	553.4
Share capital	18.9	18.9	18.9	18.9	18.9	18.9	18.9	9.5 <sup>#</sup>	9.5	18.9
Reserves & surplus	134.0	135.5	158.2	187.1	221.1	270.5	325.2	226.6	221.9	225.5
Net worth	152.9	154.4	177.1	206.0	240.0	289.4	344.1	236.1	231.4	244.4
Loan funds	32.5	9.6	8.9	44.8	109.2	146.1	215.8	267.4	339.3	288.7
Deferred taxation (net)		8.4	10.1	11.3	13.4	15.4	19.4	19.8	19.9	20.3
Total	185.4	172.4	196.1	262.1	362.6	450.9	579.3	523.3	590.6	553.4
Earnings Per Share (EPS) (Rs) *	4.68	5.76	9.50	12.13	14.08	19.63	24.03	6.31	1.67	3.26
Dividend Per Share (DPS) (Rs)	3.00	6.00	6.50	8.00	9.00	12.00	17.0	8.75	2.00	1.75
Book value per share (Rs)	80.63	81.41	93.40	108.63	126.53	152.57	181.41	127.48	122.00	64.43
Return on capital employed (ROCE) %	14.2	17.1	25.5	29.2	25.7	28.1	27.8	8.3	5.2	6.0
Return on net worth (RONW) %	12.1	14.2	21.7	24.0	23.9	28.5	28.9	8.2	2.7	5.2
Fixed assets turnover (no. of times)	2.7	2.5	2.7	2.7	2.3	2.2	2.6	1.5	1.8	1.6
Working capital turnover (no. of times)	5.3	7.0	11.4	16.2	20.0	11.7	6.6	2.2	2.3	2.5
EBIDTA as % of sales	14.5	16.8	19.7	19.7	18.9	22.4	21.6	17.3	12.2	14.6
EBIDTA as % of total income	13.7	15.7	18.3	18.4	17.9	20.9	20.4	16.0	11.4	13.3
Net profit as % of total income	7.0	8.2	11.2	10.3	9.4	11.2	10.6	5.2	1.2	2.3

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.

<sup>#</sup> 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.

\* After consideration of issue of bonus shares in 2009-10 in the ratio of 1:1.

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

## Notice to the Shareholders

NOTICE is hereby given that the forty-eighth annual general meeting of the Company will be held at 'The Music Academy' New No. 168 (Old No. 306), TTK Road, Chennai 600 014 on Wednesday, the 22<sup>nd</sup> September 2010 at 10.15 a.m. to transact the following business:

### ORDINARY BUSINESS

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

RESOLVED THAT the audited balance sheet as at 31<sup>st</sup> March 2010 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 Mr Suresh Krishna, director, who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a director of the Company.

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

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

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

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

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

RESOLVED THAT the retiring statutory auditors M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai having the Firm Registration No. 004207S issued by the Institute of Chartered Accountants of India, be and are hereby re-appointed as auditors of the Company to hold office from the conclusion of this annual general meeting till the conclusion of the next annual general meeting of the Company on such remuneration, as may be fixed in this behalf by the board of directors of the Company.

### SPECIAL BUSINESS

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

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

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

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

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

RESOLVED THAT subject to the provisions of Sections 198, 269 read with Schedule XIII, 309 and 317 of the Companies Act, 1956 (the Act), and other applicable provisions, if any of the Act, Dr Lakshmi Venu, be and is hereby appointed as Director-Strategy in the rank of managing director of the Company for a period of five years from 22<sup>nd</sup> March 2010 and the remuneration payable to Dr Lakshmi Venu upon such appointment, as set out in the agreement dated 22<sup>nd</sup> March, 2010 entered into between the Company and Dr Lakshmi Venu, copy of which was placed before the meeting and initialed by the chairman for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER THAT the board may revise the remuneration payable to her during the currency of present tenure of office in such manner as may be agreed to between herself and the Board of Directors, provided that the remuneration by way of salary, perquisites, commission, other allowance and benefits shall not exceed the limits prescribed under Schedule XIII and such other applicable provisions of the Companies Act, 1956 as amended and that may be in force, from time to time.

RESOLVED FURTHER THAT the scope and quantum of remuneration specified hereinabove, may be enhanced, enlarged, widened, 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 there under and/or such guidelines, as may be announced by the Central Government, from time to time.

RESOLVED FURTHER THAT Dr Lakshmi Venu, Director-Strategy of the Company, shall have the powers and duties as set out in the aforesaid agreement, and that may be vested in her, by the board, from time to time.

By order of the board

Chennai  
13<sup>th</sup> August 2010

R Raja Prakash  
Secretary

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

### Notes:

- 1) **A member, entitled to attend and vote at the meeting, is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy or proxies so appointed need not be a member or members, as the case may be, of the Company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority shall be deposited at the registered office of the Company, not later than 48 hours before the time fixed for holding the meeting.**
- 2) The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special businesses as set out in the Notice is annexed hereto.
- 3) The register of members and the share transfer register will remain closed for a period of 3 days from 19<sup>th</sup> August 2010 to 21<sup>st</sup> August



2010 (both days inclusive) for the purpose of payment of second interim dividend declared by the board of directors at their meeting held on 13<sup>th</sup> August 2010.

- 4) In terms of Section 205A read with Section 205C of the Companies Act, 1956, the dividends declared by the Company, which remain unclaimed for a period of seven years will be transferred on due dates to the Investor Education and Protection Fund (IEPF), established by the Central Government. The particulars of due dates for transfer of such unclaimed dividends to IEPF are furnished in the report on corporate governance, forming part of the annual report.

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

- 5) Members holding shares in physical form, in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding / trading.
- 6) Members are requested to notify to the Company any change in their address immediately. Members holding shares in electronic form are requested to advise change of address to their depository participants.
- 7) As a measure of economy, copies of the annual report will not be distributed at the annual general meeting. Members are, therefore, requested to bring their copies of the annual report to the meeting.
- 8) Members are requested to affix their signature at the space provided on the attendance slip annexed to proxy form and hand over the slip at the entrance of the meeting hall.
- 9) In terms of clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief resume of directors 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, their shareholdings and relationships between directors, inter se, are given below:

**I. Mr Suresh Krishna**

Mr Suresh Krishna was born in Madurai, South India, on 24<sup>th</sup> December 1936.

Mr Krishna received his Bachelor of Science degree from Madras Christian College in the year 1955. He received his M.A in Literature from the University of Wisconsin in 1959 and did his post-graduate work in Literature in the University of Munich, Germany.

Mr Krishna is the Chairman & Managing Director of M/s.Sundram Fasteners Limited (SFL), the leading company in high tensile fasteners in India. Under his dynamic leadership, SFL received international recognition by achieving several 'firsts' as mentioned below:

- First Indian Company to receive ISO certification;
- First and only Indian Company to receive "Best Supplier Award" from General Motors, USA. SFL received this award for five consecutive years;
- First Engineering Company in India to receive the TPM Excellence Award from Japan Institute of Plant Maintenance; and
- First Engineering Company from India to set up a manufacturing facility in China.

Mr Krishna held the Presidentship of Confederation of Engineering Industry for the year 1987-88. He was the President of the Automotive Component Manufacturers Association of India during 1982-84.

The Central as well as the State Governments have involved Mr Krishna in several other public bodies from time to time. He was appointed as a director on the Central Board of the Reserve Bank of India. He was a member of the Indo-German Consultative Group, jointly set up by the Prime Minister of India and the Chancellor of the Federal Republic of Germany, with a view to improve bilateral relations between the two countries. He was one of the members of the Advisory Council to the Prime Minister, formed to advise the Prime Minister on matters relating to trade and industry. The Government of Tamil Nadu appointed Mr Krishna as the Sheriff of Madras for 1992 and 1993.

He was awarded the prestigious "Sir Jehangir Ghandy Medal for Industrial Peace" by XLRI in 1991. The Business India magazine selected him as the Businessman of the Year 1995. He was awarded the "Qimpro Platinum Standard 1997" for being a role model for Quality Leadership for Corporate India, and the "Juran Quality Medal" by the Indian Merchants Chamber, Mumbai. The Asian Productivity Organisation, Japan, conferred the National Award for 2000 (for India) on Mr Krishna, for his outstanding contribution towards productivity improvement in the country during the last five years. The All India Management Association gave the prestigious "JRD Tata Corporate Leadership Award" for the year 2000 to Mr Krishna. He was the recipient of the "Entrepreneur of the Year" Award for 2001 from Ernst & Young. In the year 2004, the Mayor of Jiaying City, Zhejiang Province, China, has honoured Mr Krishna with the 'South Lake Friendship Award' for his contribution to the economy and culture of China.

The Government of India conferred the "Padma Shri" award on Mr Krishna in 2006.

He holds 3,064 equity shares in the Company. Mr Suresh Krishna and Mr K Mahesh, directors of the Company, being brothers, are relatives.

He is a chairman of the investors' grievance committee of director of the Company. Details of his other directorships and memberships/ chairmanships of committees are given below:

S. No.	Name of the Company	Position held	Committee memberships/ chairmanships
1	Sundram Fasteners Limited	Chairman and Managing Director	Member - Share Transfer & Shareholder Investor Grievance Committee
2	T V Sundram Iyengar & Sons Ltd.	Director	Member - Audit Committee
3	TVS Sewing Needles Limited	Director	-
4	Lucas-TVS Limited	Director	Chairman - Audit Committee
5	Tata Steel Limited	Director	Member - Investors' Grievance Committee
6	Sundram Non-Conventional Energy Systems Limited	Chairman	-
7	TVS Logistics Services Limited	Chairman	-
8	Sundram International Inc., USA	Director	-
9	Upasana Engineering Limited	Chairman	-

## II. Mr T K Balaji

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

Mr T K Balaji is a member of Development Council for Automobiles & Allied Industries, Government of India. He was the past president of Automotive Component Manufacturers Association of India (ACMA). He had served on the CII National Council for a number of years. He was conferred a Special Award by the FIE Foundation of Maharashtra in March 1995 in recognition of his contribution to the development of automotive component industry.

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

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

## III. Mr K Mahesh

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

He holds 486 equity shares in the Company. Mr K Mahesh and Mr Suresh Krishna, directors of the Company, being brothers, are relatives. He is a member of the investors' grievances committee

of directors of the Company. Details of his other directorships and memberships/chairmanships of committees are given below:

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

## IV. Mr T R Sridharan

Born on 15<sup>th</sup> May 1939, Mr T R Sridharan is a B.Com (Hons) and a Certified Associate of Indian Institute of Bankers (CAIIB). He has over four decades of experience in international banking, capital markets, administrative and operational portfolios in banking sector.

He was the ex-chairman and managing director of Canara Bank. He also served as a member of BIFR. He is currently involved in the evaluation of Country Financial Accountability Assessment (CFAA) of various countries as a consultant for the World Bank.

He was co-opted as an additional director of the Company by the board on 25<sup>th</sup> January 2010.

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

He is a member of the audit committee of directors of the Company effective 13<sup>th</sup> August 2010. Details of his other directorships and memberships/chairmanships of committees are given below:

S. No.	Name of the Company	Position held	Committee memberships/ chairmanships
1	Optimus Global Services Limited	Director	Audit Committee - Member

## V. Dr Lakshmi Venu

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

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

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

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

She does not hold any position as a director in any other Company or as a member of any committee of directors in the Company.



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

**Item No. 6**

Mr T R Sridharan was appointed as an additional director of the Company with effect from 25<sup>th</sup> January 2010. In terms of Section 260 of the Companies Act, 1956, Mr T R Sridharan 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 T R Sridharan and to move the resolution as set out in Item No. 6 of this notice.

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

None of the directors, except Mr T R Sridharan, is deemed to be concerned or interested in the resolution.

**Item No. 7**

Dr Lakshmi Venu was appointed as an additional director of the Company with effect from 22<sup>nd</sup> March 2010. In terms of Section 260 of the Companies Act, 1956, Dr Lakshmi Venu 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 Dr Lakshmi Venu and to move the resolution set out in Item No. 7 of this notice.

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

Dr Lakshmi Venu is deemed to be interested in this resolution since it relates to her appointment and Mr Venu Srinivasan, managing director, may also be deemed to be interested, being a relative of Dr Lakshmi Venu.

**Item No. 8**

The board of directors appointed Dr Lakshmi Venu as Director-Strategy in the rank of managing director of the Company for a period of five years from 22<sup>nd</sup> March, 2010 to 21<sup>st</sup> March, 2015 and fixed her terms of appointment and remuneration within the limits prescribed under sections 198 and 309 read with Schedule XIII of the Companies Act, 1956, subject to the approval of the shareholders in the ensuing annual general meeting of the Company.

Necessary agreement was entered into between the Company and Dr Lakshmi Venu in this regard. Details of the remuneration payable in terms of the agreement dated 22<sup>nd</sup> March, 2010 entered into between the Company and Dr Lakshmi Venu are as under:

- (i) SALARY : Rs.1,00,000/- per month.
- (ii) COMMISSION : Such percentage of net profits of the Company as may be determined by the board depending on the Company's performance every year, from time to time.
- (iii) PERQUISITES
  - I. Housing
    - Housing I : The Company shall provide its own furnished accommodation free of rent.

Housing II : In case no accommodation is owned by the Company, the following be provided for her accommodation :

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

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

- II. Medical Reimbursement
  - Reimbursement of medical expenses for self and family, including premium for medical insurance.
- III. Leave Travel Concession
  - Leave travel concession once in a year, incurred in accordance with the rules of the Company.
- IV. Club Fees
  - Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- V. Personal accident insurance
  - Personal accident insurance for an amount, the annual premium of which does not exceed Rs.10,000/-.
- VI. Company's contribution to provident fund, which will not exceed 12% of the salary or such other higher rate as may be notified by the Central Government, from time to time.
- VII. Gratuity as per rules of the Company, not exceeding half a month's salary for each completed year of service.
- VIII. Earned leave: On full pay and allowances as per rules of the Company, but not exceeding one month's leave for every eleven months of service. Leave accumulated shall be encashable at the end of the tenure.
- IX. She 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 dealt with by the Company as per the applicable provisions under the Income-tax Rules, 1962 or any re-enactment thereof.
- X. Reimbursement of all actual expenses, including expenses incurred by her on entertainment and travelling in the course of the Company's business.
- XI. No sitting fees be paid for attending the meetings of the board of directors or committees thereof.

XII. Benefits and Amenities :

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

Total remuneration as aforementioned shall not exceed 5% of net profits of the Company as computed under section 349 of the Companies Act, 1956 every year.

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

The abstract of the terms of appointment and remuneration and memorandum of interest was already circulated to members on 6<sup>th</sup> April, 2010 pursuant to section 302 of the Companies Act, 1956.

In compliance with the provisions of sections 198, 269 read with Schedule XIII, 309 and 317 of the Companies Act, 1956, the terms of appointment and the remuneration specified above are now being placed before the shareholders for their approval as set out in item No. 8 of this notice.

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

Dr Lakshmi Venu, Director-Strategy, is deemed to be interested in this resolution since it relates to her appointment and remuneration. Mr Venu Srinivasan, managing director, may also be deemed to be interested, being relative of Dr Lakshmi Venu.

None of the other directors is deemed to be concerned or interested in the resolution.

Inspection of documents :

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

By order of the board

Chennai  
13<sup>th</sup> August 2010

R Raja Prakash  
Secretary

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





## Directors' report to the shareholders

The directors have pleasure in presenting the forty-eighth annual report and the audited accounts for the year ended 31<sup>st</sup> March 2010.

### 1. FINANCIAL HIGHLIGHTS

Details	Rs. in lakhs	
	Year ended 31.03.2010	Year ended 31.03.2009
Sales and other income	<b>53,896.83</b>	52,869.87
Gross profit before interest and depreciation	<b>7,175.07</b>	6,008.07
Less: Interest - Net	<b>2,052.35</b>	2,207.17
Depreciation	<b>3,755.89</b>	3,105.06
Profit before tax	<b>1,366.83</b>	695.84
Less: Provision for :		
Income tax	<b>90.00</b>	-
Fringe benefit tax	-	51.00
Deferred tax	<b>41.28</b>	12.18
Profit after tax	<b>1,235.55</b>	632.66
Add: Dividend tax set off	-	56.41
	<b>1,235.55</b>	689.07
Surplus brought forward from previous year	<b>1,110.25</b>	866.64
Total	<b>2,345.80</b>	1,555.71
Appropriations:		
Tax relating to earlier years	<b>75.98</b>	2.78
First Interim dividend paid	<b>189.68</b>	189.73
Second Interim dividend payable	<b>474.19</b>	-
Proposed dividend	-	189.68
Transfer to general reserve	<b>123.56</b>	63.27
Balance carried to Balance Sheet	<b>1,482.39</b>	1,110.25
	<b>2,345.80</b>	1,555.71

### 2. DIVIDEND

The board of directors of the Company at its meeting held on 25<sup>th</sup> January 2010, declared first interim dividend of Re.0.50 per share (10%) absorbing a sum of Rs.1.90 Cr for the year 2009-10 and the same was paid to the shareholders on 8<sup>th</sup> February 2010.

The board at its meeting held on 13<sup>th</sup> August 2010 declared a second interim dividend of Rs.1.25 per share (25%) absorbing a sum of Rs.4.74 Cr for the year 2009-10. Hence the total amount of dividend including the second interim dividend, for the year ended 31<sup>st</sup> March 2010 will aggregate to Rs.1.75 per share (35%) on 3,79,35,168 equity shares of Rs.5/- each.

### 3. BONUS SHARES

During the year, the Company issued and allotted 1,89,67,584 equity shares of Rs.5/- each on 14<sup>th</sup> October 2009 in the ratio of 1:1 to the eligible holders of equity shares of Rs.5/- each as on the record date, i.e., 12<sup>th</sup> October 2009 as bonus equity shares by capitalizing an equivalent amount standing to the credit of the general reserve account of the Company. As a result, the Company's paidup equity share capital now stands at Rs.18.97 Cr. The said issue and allotment of bonus shares was completed within the stipulated period of two months of its declaration by the board of directors in terms of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

### 4. PERFORMANCE

During 2009-10, economies across the world (barring few) showed signs of recovery and moved to growth phase after experiencing difficult market conditions due to economic slowdown in the automotive sector in previous years.

The Indian economy is able to bounce back quickly and strongly growing at 7.2% in 2009-10. The automotive sector in India grew steadily at the beginning of the year, gained momentum in all segments in the second half of the year. It has ended the year with a record growth and performance.

During the year under review, the medium / heavy commercial vehicles segment recorded a positive growth of 34% and the light commercial vehicle segment also registered a positive growth of 43%. Car segment achieved a positive growth of 26% and two wheeler segment registered a growth of 26%.

The Company's export business remained affected by the economic downturn in the key markets namely, US and Europe. US manufacturing showed signs of improvement during second half of the year, whereas the depressed conditions continued in Europe throughout 2009-10.

In this backdrop, North American class 8 trucks market witnessed a negative growth of 42%, while the class 5-7 trucks market witnessed a negative growth of 38%. Similarly, the Europe medium and heavy trucks witnessed a negative growth of 60%.

This corresponds to the sale of 19,499 tonnes of castings sold by the Company in the year 2009-10 as against 17,633 tonnes of castings sold in 2008-09. The Company achieved sales of Rs.492.68 Cr during 2009-10 as against Rs.492.37 Cr in 2008-09. Exports registered a decline and stood at Rs.172.72 Cr against Rs.197.49 Cr achieved in 2008-09. The Company achieved profit of Rs.12.36 Cr as against Rs.6.33 Cr in previous year, registering a growth of 95%.

### 5. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### I. Industry Structure and Development:

##### Domestic

Indian economy bounced back and grew by 7.2% in 2009-10 as against 6.7% growth in 2008-09. The automotive industry in India grew steadily in the first two quarters and recorded significant growth in the last two quarters of 2009-10. Indian economy exhibited clear momentum in recovery despite deficient monsoon, high volatility in foreign exchange rates and commodity prices, due to increased spending by government followed by stimulus packages.

New product launches, attractive discounts and availability of finance at lower interest rates helped industry in registering strong growth in vehicle sales over 2008-09. However the industry did not witness any major increase in exports due to capacity constraints and surge in domestic demand. Overall export growth was 18% compared to 54% in 2008-09.

Category	2009-10	2008-09	Growth
Commercial Vehicles (CV)	531,395	384,194	38.3%
Passenger cars	1,949,776	1,552,703	25.6%
Three wheelers	440,368	349,727	25.9%
Two wheelers	9,371,231	7,437,619	26.0%

(Source: SIAM)

## Exports

Recovery in the global economy picked up momentum in the fourth quarter of 2009. The speed of recovery, however, remains significantly divergent. US and Europe economies declined by -2.4% and -3.9% respectively in 2009 compared to previous year.

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

Market	Category	2009	2008	Growth
North America	Class 8 Trucks	118,440	205,237	-42%
North America	Class 5-7 Trucks	97,750	157,561	-38%
Europe	Medium & Heavy trucks	330,323	833,105	-60%

(Source: ACT Research & ACEA)

Though the production of Class 8 trucks in North America in 2009 was lower by 42% over the previous year, the second half production was higher by 8% over first half in 2009.

The production of heavy trucks in Europe fell by 60% in 2009. However, the second half production recorded growth of 2% over first half in 2009.

## II. Business outlook and overview

In 2009-10, the first half was slightly weak; however economies across the world have shown signs of revival. In 2010-11, the global growth is expected to be more than 4%. The Indian economy is expected to grow by 8% as per the latest RBI notification (28th July, 2010). Other structural factors being favourable, this augurs well for Indian Automotive Industry. Key export markets of the Company (US and Europe) are expected to grow moderately during 2010. With increase in Government spending on infrastructure and increase in Industrial production, the vehicle industry is expected to do better during 2010-11.

With the recovery in global markets, commodity prices are expected to increase, in turn increasing the input cost for the Company. Interest rates and liquidity may be affected as a result of inflationary pressure faced by the country.

The following are the growth rates forecast in the key macro-economic indicators:

Services sector	: 8.4%
Agricultural sector	: 5.5%
Index of Industrial Production	: 8.6%

(Source: Crisil)

All segments of automotive industry except heavy truck for European market are expected to register a strong growth during 2010-11.

- Passenger car segment +13%
- Two wheeler segment +10%
- M&HCV segment +10%
- Class 8 trucks (North America) +23% (2010)

## 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 Original Equipment Manufacturer's (OEM) are likely to benefit the Company. New orders that have been received from existing domestic customers will be met during 2010-11.

The Company's sale of products to heavy commercial vehicle industry is estimated to increase in view of significant increase expected during 2010-11.

Issues of environmental pollution and increasing labour costs in shrinking markets are forcing the Global OEMs and Tier 1 companies to increase sourcing of parts like castings and forgings from low cost countries. In view of stringent emission norms, more and more global customers are going for light weight metals resulting in increasing aluminium content per vehicle. This provides growth opportunities since the Company is already a preferred source for aluminium castings to major customers in India and abroad.

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 recovery from global meltdown and credit crisis are positively supporting the customer and could continue to result in increased demand for castings during the year.

The risks to the overall global macroeconomic environment have, however, increased because of large public debt in advanced economies, on the back of concerns relating to reduction in potential output, high unemployment rates, impaired financial systems and premature exit from the policy stimulus. The slowdown or delay in recovery of US and European economies would adversely affect the Company's revenues.

Hardening of interest rates and fuel prices will have adverse impact on sales of the automobiles in domestic industry. It will have negative impact on margins of the Company owing to increased borrowing and energy cost.

### 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. Stringent emission norms and safety regulations could bring new complexities and cost increases for automotive industry, impacting vehicle sales. WTO, Free Trade Agreements and other similar policies could make the market, less competitive for local manufacturers.

The commercial vehicle Industry has strong linkage with the economy of the country and is cyclical. The Company has positioned itself as one of the leading players in 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 current financial year. The delay in economic recovery could significantly impact the projections of OEMs for these new platforms. This may have an impact on the Company's new product sales.

Power crisis is prevalent in the State. The Company is resorting to captive power generation using diesel generators to meet the shortfall. This will have negative effect on operating margin of the Company as cost of captive generation is high.

### Sourcing

With many economies coming out of recession, prices of commodities are expected to rise significantly. While the Company continues to pursue cost reduction initiatives, increase in price of input materials could impact the Company's profitability to the extent that the same are not compensated by customers. However, no shortage of aluminium is expected.

### Forex

The Company's operations are subject to fluctuations in forex rates. However, the Company has a well defined forex hedging policy to mitigate the risks.

### 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 forecast demand of customers. The capacity utilization is expected to be better during the current year in view of higher off-take from customers. 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 systems. 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. The Company's journey of manufacturing excellence was recognized and rewarded by various agencies during 2009-10.

- TPM award by Japanese Institute of Plant Maintenance
- Silver category in Indian Manufacturing Excellence award 2009 conducted by Frost and Sullivan.

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 World 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 art technology, training, effective quality system, continuous improvement methodology and total employee involvement. Mistake-proofing, process audits, utilization of statistical tools for process optimization and online process controls also contribute towards improving and achieving consistency in product quality.

The quality system is certified for ISO/ TS 16949 requirements.

TQM is a way of life in the Company. 100% employee involvement has been successfully achieved for the 11<sup>th</sup> consecutive year.

Employees have completed more than 256 projects by applying statistical tools through Quality Control Circles (QCC) in 2009-10. The average number of suggestions implemented per employee in 2009-10 is 57.

### 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 31<sup>st</sup> March 2010, the Company had 3,362 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, several key energy conservation projects have been implemented:

- Interfacing auto ladling and furnace lid closing to reduce heat dissipation.
- Dynamic auto power factor controller in transformer
- Optimisation of pump and motor horsepower ratings
- Use of energy efficient lighting system without sacrificing luminosity
- Horizontal deployment of thyristor control drives and Variable Frequency Drives (VFDs) in Pressure Die Casting (PDC) machines
- Changed lining material to sill board instead of glass wool in melting furnace to reduce radiation loss (F13 and F14 furnace).

## 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 through "Srinivasan Services Trust" (SST). The SST's programs include economic development, health, education, environment and infrastructure development in 703 villages. 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. SST's programs have touched lives of close to 0.57 million people and 128000 families.

## X. Financial / Operational performance

The financial and operational performance for the year 2009-2010 as compared to the previous year is furnished in the following table.

Particulars	Year ended 31 <sup>st</sup> March 2010		Year ended 31 <sup>st</sup> March 2009	
	Rs. in lakhs	%	Rs. in lakhs	%
Sales	49,267.53	91.41	49,236.99	93.13
Other income	4,629.30	8.59	3,632.88	6.87
<b>Total income</b>	<b>53,896.83</b>	<b>100.00</b>	<b>52,869.87</b>	<b>100.00</b>
Raw materials consumed	23,889.11	44.33	26,640.99	50.39
Cost of traded goods sold	459.71	0.85	1,033.63	1.96
Staff cost	6,887.82	12.78	6,024.04	11.40
Stores and tools consumed	4,971.16	9.22	4,122.02	7.80
Power and fuel	3,146.45	5.84	2,543.77	4.81
Repairs and maintenance	1,738.11	3.22	1,720.69	3.25
Other expenses	5,629.40	10.44	4,776.66	9.03
Interest - net	2,052.35	3.81	2,207.17	4.17
Depreciation	3,755.89	6.97	3,105.06	5.87
<b>Total expenditure</b>	<b>52,530.00</b>	<b>97.46</b>	<b>52,174.03</b>	<b>98.68</b>
Profit before tax	1,366.83	2.54	695.84	1.32
Provision for taxation				
- Income tax	90.00	0.17	-	-
- Fringe benefit tax	-	-	51.00	0.10
- Deferred tax	41.28	0.08	12.18	0.02
Profit after tax	1,235.55	2.29	632.66	1.20



**XI Cautionary statement**

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

**6. RESTRUCTURING OF COMPANIES**

Effective 3<sup>rd</sup> June 2009, the Company has become a subsidiary of T V Sundram Iyengar & Sons Limited, as was reported last year. The present holding of the Indian promoters is 80% in the share capital of the Company. In view of the guidelines on mandatory minimum public holding in the listed companies, ways to bring about reduction in the promoters' holding from the existing 80% to 75%, have to be examined so that the public shareholding fulfills the stipulated percentage of 25%. The Company is examining various alternatives in this regard.

In the meantime, in order to bring greater focus on automotive related businesses, a proposal is being considered for demerging the non-automotive related investments and other connected activity therewith to Sundaram Investment Limited (SIL), whose entire share capital is being presently held by the Company. SIL has thus become a wholly owned subsidiary of the Company effective 13<sup>th</sup> August 2010. The proposed demerger subject to the approval of shareholders and sanction by the Hon'ble High Court of Madras in terms of the provisions of Section 391 - 394 of the Companies Act, 1956 is being embodied in a composite Scheme of Arrangement. Upon the Scheme of Arrangement being approved by the Hon'ble High Court, the existing number of shares, held by the shareholders in the Company will be distributed as per the Scheme, equally between the Company and SIL. Thus, the shareholders of the Company will hold same number of shares of Rs. 5/- each in both the companies, namely, the Company and SIL. The details of the composite Scheme of Arrangement will be circulated to the shareholders for approval at a Court convened meeting to be held in due course.

The proposed Scheme of Arrangement also envisages that the existing wholly owned subsidiary of the Company, TVS Investments Limited (TVSI), which, upon becoming a wholly owned subsidiary of SIL following the sanction of the Scheme by the Hon'ble High Court of Madras, will as part of the same Scheme, be merged with SIL and SIL will be renamed as 'TVS Investments Limited' with the approval of the Hon'ble High Court of Madras. As part of the composite Scheme of Arrangement, M/s Anusha Investments Limited (AIL), a wholly owned subsidiary of the Company, is also proposed to be merged with the Company. By this process of rationalisation, the ability to concentrate on core businesses of the respective companies and correspondingly the shareholders' value will get increased.

**7. SUBSIDIARY COMPANIES**

As of 31<sup>st</sup> March 2010, the following are the subsidiaries of the Company:

S. No	Name of the Company	Subsidiary of
<b>Automotive related investments</b>		
1.	Anusha Investments Limited	Sundaram-Clayton Limited
2.	TVS Motor Company Limited	Sundaram-Clayton Limited
3.	Sundaram Auto Components Limited	TVS Motor Company Limited
4.	TVS Energy 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
<b>Non automotive related investments</b>		
8.	TVS Investments Limited	Sundaram-Clayton Limited
9.	TVS Electronics Limited	TVS Investments Limited
10.	TVS Capital Funds Limited	TVS Investments Limited
11.	TVS-E Access (India) Limited	TVS Investments Limited
12.	TVS-E Servicetec Limited	TVS Investments Limited
13.	Sravanaa Properties Limited	TVS Investments Limited
14.	Tumkur Property Holdings Limited	TVS Electronics Limited
15.	Prime Property Holdings Limited	TVS Electronics Limited

The Company on 15<sup>th</sup> June 2010 invested an amount of Rs.4.50 Cr in the equity share capital of TVS Energy Limited, a subsidiary of the Company in terms of section 4(1)(c) of the Companies Act, 1956.

TVS Motor Company Limited, Chennai (TVS Motor), a subsidiary of the Company acquired the entire paid-up capital consisting of Rs. 5 lakhs of TVS Housing Limited, Chennai (TVS Housing). TVS Housing became a wholly owned subsidiary of TVS Motor on 21<sup>st</sup> June 2010 and hence it became a subsidiary of the Company in terms of section 4(1)(c) of the Companies Act, 1956.

**Performance of Subsidiaries:**

**Anusha Investments Limited (AIL)**

During the year, the wholly owned subsidiary, namely Anusha Investments Limited (AIL), has earned a total income of Rs.2062.70 lakhs, which included dividend income of Rs.1641.81 lakhs. The profit for the year stood at Rs.1902.87 lakhs. The Company has declared a dividend of Rs.240/- per share on 5,00,000 equity shares of Rs.100/- each for the year 2009-10.

**TVS Investments Limited (TVSI)**

During the year, TVS Investments Limited (TVSI) has earned a total income of Rs.6387.04 lakhs. The profit for the year stood at Rs.1717.81 lakhs. TVSI has not declared any dividend for the year 2009-10.

## 8. 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.

Pursuant to the application in terms of Section 212(8) of the Companies Act, 1956 made by the Company to the Central Government, seeking exemption from attaching the balance sheet and profit and loss account of its subsidiaries along with the report of the board of directors and that of the auditors' thereon, with the Company's accounts, the Company has obtained the approval of the Central Government vide letter No.47/559/2010-CL-III dated 11<sup>th</sup> June 2010.

The annual accounts, reports and other documents of the subsidiary companies will be made available to the members on receipt of a request from them.

The annual accounts of the subsidiary companies will be available at the registered office of the Company and at the respective subsidiary companies concerned, for inspection by any member during the business hours of any working day.

## 9. DIRECTORS

The directors are happy to report that Mr Venu Srinivasan, managing director of the Company has been conferred in January 2010 with 'Padmashri', a prestigious adoration by Government of India in appreciation of his significant contribution for the promotion of trade and industry.

Mr Venu Srinivasan also received the distinguished civilian honour "Order of Diplomatic Service Merit" from the President of Republic of Korea in the year 2010, in recognition of his valuable contribution in promoting Korea-India bilateral relations and for meritorious service to the extension of national prestige overseas for the promotion of friendship with other nations.

Mr T R Sridharan who was appointed as an additional director effective 25<sup>th</sup> January 2010 will vacate his office in terms of Section 260 of the Companies Act, 1956 at the ensuing annual general meeting and is eligible for appointment, as a director of the Company. In terms of Section 257 of the Companies Act, 1956, a notice has been received from a member of the Company signifying the proposal for the appointment of Mr T R Sridharan as a director, at the ensuing annual general meeting.

Dr Lakshmi Venu, who was appointed as an additional director effective 22<sup>nd</sup> March 2010 will vacate her office in terms of Section 260 of the Companies Act, 1956 at the ensuing annual general meeting and is eligible for appointment, as a director of the Company. In terms of Section 257 of the Companies Act, 1956, a notice has been received from a member of the Company signifying the proposal for the appointment of Dr Lakshmi Venu as a director, at the ensuing annual general meeting. Dr Lakshmi Venu was also appointed as Director-Strategy in the rank of managing director for a period of five years effective 22<sup>nd</sup> March 2010 on such terms and conditions subject to the approval of the shareholders at the ensuing annual general meeting of the Company. The abstract of the terms of appointment and memorandum of interest was circulated to members on 6<sup>th</sup> April 2010 pursuant to section 302 of the Companies Act, 1956.

M/s.Suresh Krishna, T K Balaji and K Mahesh, directors will be retiring at this annual general meeting and, being eligible, offer themselves for re-appointment.

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

## 10. AUDITORS

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

The Company has received a letter from them, stating that the appointment, if made, will be within the prescribed limit prescribed under section 224(1B) of the Companies Act, 1956.

## 11. CORPORATE GOVERNANCE

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

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

The managing director (CEO) and executive vice president - finance (CFO) of the Company have certified to the board on financial statements and other matters in accordance with the clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31<sup>st</sup> March 2010.

The Ministry of Corporate Affairs issued a Corporate Governance Voluntary Guidelines 2009 in the second half of December 2009. The guidelines broadly outline conditions for appointment of directors, their remuneration / responsibilities, risk management by the board, the enhanced role of audit committee, rotation of audit partners / firms and conduct of secretarial audit. The Company, while generally meeting the various requirements, has already commenced taking steps for appropriate action for compliance of the relevant items of the guidelines.

## 12. STATUTORY STATEMENTS

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

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

### Particulars of employees

The particulars required pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, are given in Annexure II to this report.

However, in terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report (excluding Annexure II) is



## Sundaram-Clayton Limited

being sent to all the shareholders of the Company. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the registered office of the Company.

### Public Deposits

The Company has not accepted any deposit from the public within the meaning of Section 58A of the Companies Act, 1956 for the year ended 31<sup>st</sup> March 2010.

### Directors' Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby stated:

- (i) that in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March 2010, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with

the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- (iv) that the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2010 on a "going concern basis".

### 13. ACKNOWLEDGEMENT

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

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

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

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

For and on behalf of the board

Chennai  
13<sup>th</sup> August 2010

GOPAL SRINIVASAN  
Director

VENU SRINIVASAN  
Managing Director

## Annexure I to Directors' report

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

#### A. CONSERVATION OF ENERGY

##### 1. Measures taken:

- (i) Modified the HP cartridges in 660T machine by reducing oil flow from 28 GPM to 14 GPM without affecting the performance of the machines;
- (ii) Horizontally deployed Thyristor control in holding furnaces;
- (iii) Eliminated thermoregulation unit by controlling water flow for maintenance of die temperature thereby reducing power consumption;
- (iv) Power consumption reduction in holding furnace by sequencing switching on pattern on Sundays;
- (v) Interfaced auto ladling and furnace lid closing thereby reducing heat dissipation;
- (vi) Introduced dynamic auto power factor controller in transformer;
- (vii) Changed lining material to sill board instead of glass wool in melting furnace to reduce radiation loss (F13 and F14 furnace);
- (viii) Horizontally deployed VFD in 400T machines (2 numbers);
- (ix) Optimised hydraulic motor RPM from 1440 to 960 RPM in 250T machines; and
- (x) Replaced three 30 HP motors in cooling tower by introducing one 7.5 HP submersible pump.

The above measures have resulted in an annual saving of about Rs.41.80 lakhs

##### 2. Proposed measures:

- (i) Introduction of Demand side controller for compressor, to stabilize the pressure fluctuation and reduce the compressor air pressure setting from 5.5 to 5.2 bar;
- (ii) Introduction of Harmonics filter in transformer 3 feeder so that to increase power factor without increasing the Harmonics level in the system and add automatic power factor controller to increase power factor from 0.96 to 0.98;
- (iii) Introduction of Auto doors in all Gravity Die Casting (GDC) furnaces having auto pour - 10 nos;
- (iv) Reduction of energy consumption in factory lighting by converting 400 W MV to 250 MH in 1400 bay (36 Nos);
- (v) Horizontal deployment of thyristor for 72 Kw Holding furnaces (800 II, 1350 I, 1350 II, F18, F19);
- (vi) Introduction of Light Dependent Sensor to Control street lighting & timers for factory lighting - New bay & GDC;
- (vii) Reduction of running hours of Hydraulic motor by adding the accumulator in the circuit to hold the pressure (5 Nos);
- (viii) Introduction of timer to cut off Hyd Motor during idle running of trimming presses in PDC - 7 No's;

- (ix) 250W Metallic halide luminous replaced with 6 x 25W X 10 nos (Low Bay- Lean Roof); and
- (x) Replacement of the reciprocating compressor with screw compressor for HP.

This will result in a saving of about Rs.50.3 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) Development of squeeze casting process for connecting rod component;
- (b) Development of load testing procedures for safety critical component;
- (c) Development of technologies for reducing the consumption of furnace oil during melting;
- (d) Development of prototype castings through sand casting;
- (e) Elimination of crushing of stainless steel tube inserts in High Pressure Die Casting (HPDC) parts by standardization of stainless steel tubes;
- (f) 61 Nos. die cast products developed;
- (g) Development of magnesium prototype sand casting;
- (h) Rationalization of alloys; and
- (i) Development of high surface finish in involute of turbo charger to improve performance efficiency.

###### Ongoing activities:

- (a) Development of semi solid processing to produce high integrity castings;
- (b) Development of in-house capability for sand casting;
- (c) Development of heat treatment technology for aluminum HPDC castings to increase structural integrity of safety critical parts;
- (d) Development of coatings to enhance die life;
- (e) Development of magnesium pressure die casting components for automotive applications;
- (f) Development of aluminium components for aerospace industries; and
- (g) Development of magnesium Low Pressure Die Casting (LPDC) components for automotive applications.

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

- (a) Energy saving;
- (b) New die cast products developed for customers;
- (c) Validation of product life by performance testing;





## Sundaram-Clayton Limited

- (d) Ideas generated for new businesses; and
- (e) Upgradation of technical skill of employees.

### 3. Future plan of action:

- (a) Development of technologies for alternate fuels and hybrids for melting to conserve energy;
- (b) Development of innovative methods of liquid metal transfer technologies to reduce energy consumption;
- (c) Development of investment casting technology for aluminum alloys; and
- (d) Development of non heat treatable high strength aluminum alloys.

### 4. Expenditure on R & D:

	Rs. in lakhs
Capital expenditure	37.23
Recurring expenditure (including salaries)	407.84
Total	<u>445.07</u>
Total expenditure as percentage of sales turnover	0.91%

### 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

Exports during the year ended 31<sup>st</sup> March 2010 amounted to Rs.17,272.36 lakhs as against Rs.19,749.96 lakhs for the year ended 31<sup>st</sup> March 2009.

### Total foreign exchange used and earned:

a) Foreign exchange used	Rs. 18,422.49 lakhs
b) Foreign exchange earned	Rs. 17,272.38 lakhs

For and on behalf of the board

Chennai	GOPAL SRINIVASAN	VENU SRINIVASAN
13 <sup>th</sup> August 2010	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 31<sup>st</sup> March 2010, the board consists of eleven directors. All the directors except managing director and Director - Strategy are non-executive directors.

Mr T R Sridharan was appointed as an additional and non-executive director of the Company effective 25<sup>th</sup> January 2010.

Dr Lakshmi Venu was appointed as additional director effective 22<sup>nd</sup> March 2010. She was also appointed as Director-Strategy for a period of five years from 22<sup>nd</sup> March 2010 to 21<sup>st</sup> March 2015.

Out of the nine non-executive directors, seven directors viz., M/s. Suresh Krishna, K Mahesh, Vice Admiral P J Jacob (Retd), Suresh Kumar Sharma, S Santhanakrishnan, V Subramanian and T R Sridharan are non-executive and 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 2009-2010, the board met 6 times on 27<sup>th</sup> April 2009, 21<sup>st</sup> July 2009, 26<sup>th</sup> August 2009, 26<sup>th</sup> October 2009, 25<sup>th</sup> January 2010 and 22<sup>nd</sup> March 2010 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 29<sup>th</sup> September 2009 and also the number of other directorships and committee memberships / chairmanships as on 31<sup>st</sup> March 2010 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	NE-I	2	No	9	5	2
Venu Srinivasan	MD	5	Yes	17	4	1
Gopal Srinivasan	NE-NI	6	No	17	2	2
K Mahesh	NE-I	2	No	6	3	-
T K Balaji	NE-NI	4	No	13	4	1
Dr Lakshmi Venu \$	DS	1	No	-	-	-
Vice Admiral P J Jacob (Retd)	NE-I	6	Yes	1	1	1
V Subramanian	NE-I	4	Yes	3	1	-
Suresh Kumar Sharma	NE-I	3	No	1	-	-
S Santhanakrishnan	NE-I	5	No	5	-	-
T R Sridharan \$\$	NE-I	2	-	1	1	-

\* includes private companies and bodies corporate.

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

\$ appointed with effect from 22<sup>nd</sup> March 2010

\$\$ appointed with effect from 25<sup>th</sup> January 2010

MD / DS : Managing Director / Director-Strategy

NE-I : Non executive - Independent director

NE-NI : Non executive - Non-Independent 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 being periodically placed before the audit committee and discussed with functional heads. The board also reviews the declarations made by the managing director and the secretary of the Company regarding compliance of all applicable laws on a 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 2010. The annual report contains a declaration to this effect signed by the managing director and the company secretary, 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 re-appointed / appointed, 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:

- a. Over viewing the Company's financial reporting process and the disclosure of financial information.
b. Reviewing with the management quarterly and annual financial statements before submission to the board for approval with particular reference to the matters specified in the Listing Agreement.
c. Reviewing the statement of related party transactions.
d. Discuss the nature and scope of audit including internal audit prior to the commencement of the audit and areas of concern, if any, arising post audit.

- e. Reviewing the reports of Internal Auditors and ensuring that adequate follow-up action is taken by the management on observations and recommendations made by the internal auditors.
f. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature.
g. Recommending to the board the appointment / re-appointment / replacement of the statutory auditors and the fees payable for audit and for other services rendered by the statutory auditors.
h. Reviewing the adequacy of internal audit functions and systems, structure, reporting process, audit coverage and frequency of internal audit.
i. Review of management discussion analysis of financial conditions and results of operations and other matters specified under clause 49 of the Listing Agreement.
j. Review of financial statements, in particular the investments made by the unlisted subsidiaries.
k. Reviewing the cost audit report.
l. Reviewing with the management the annual financial statement before submission to the board, in particular:
a. Any changes in accounting policies and practices;
b. Major accounting entries based on exercise of judgment by management;
c. Significant adjustments arising out of audit;
d. Compliance with accounting standards; and
e. Disclosure of contingent liabilities.
m. Approving the appointment of the Chief Financial Officer after assessing the qualifications, experience & background, etc. of the candidate.
n. In addition, 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 2010, the audit committee consists of the following independent and non-independent directors:

Table with 2 columns: Name of the directors - (M/s) and Status. Rows include Vice Admiral P J Jacob (Retd), T K Balaji, and V Subramanian.

Mr. T R Sridharan, director, non-executive and independent director was appointed as a member of the Audit Committee effective 13th August 2010.

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

of the Company acts as the secretary of the Audit Committee. Chairman of the Audit Committee was present at the last annual general meeting held on 29<sup>th</sup> September 2009. 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
25 <sup>th</sup> April 2009	Vice Admiral P J Jacob (Retd) and D E Udwadia(*)
21 <sup>st</sup> July 2009	Vice Admiral P J Jacob (Retd) and V Subramanian
26 <sup>th</sup> August 2009	Vice Admiral P J Jacob (Retd), T K Balaji and V Subramanian
24 <sup>th</sup> October 2009	Vice Admiral P J Jacob (Retd) and V Subramanian
25 <sup>th</sup> January 2010	Vice Admiral P J Jacob (Retd) and V Subramanian
22 <sup>nd</sup> March 2010	Vice Admiral P J Jacob (Retd), T K Balaji and V Subramanian

\* resigned w.e.f 24.06.2009

#### 4. Subsidiary Companies:

- 4.1 The Company's Indian unlisted 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 major unlisted subsidiary companies are periodically placed before the board. The board is periodically informed about all significant transactions and arrangements entered into by the unlisted subsidiaries.

#### 5. Disclosures

5.1. Materially significant related party transactions:

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

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

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

- (i) related party transactions undertaken by the Company in the ordinary course of business;
- (ii) material individual transactions, if any, which were not in the normal course of business; and

(iii) material individual transactions, if any, with related parties or others, which were not at arm's length basis.

5.2 Disclosure of accounting treatment:

The Company follows the Accounting Standards issued by The Institute of Chartered Accountants of India and Company (Accounting Standards) Rules, 2006 and the notification issued by the Central Government amending the AS 11 relating to 'The effects of changes in foreign exchange rates'.

5.3 Risk Management:

The Company has laid down procedures to inform the board about the risk assessment and mitigation plan. These are periodically reviewed to ensure effective management of risks.

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 (CFO) of the Company have certified to the board on financial and other matters in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31<sup>st</sup> March 2010.

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

Dr Lakshmi Venu was appointed as Director-Strategy in the rank of managing director for a period of five years effective 22<sup>nd</sup> March, 2010 on a remuneration consisting only of salary, commission and other perquisites in terms of the agreement



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entered into between her and the Company on 22<sup>nd</sup> March, 2010. A subject seeking the approval of the shareholders for the appointment and the remuneration of Dr Lakshmi Venu for a period of five years is included in the notice dated 13<sup>th</sup> August 2010 convening the 48<sup>th</sup> Annual General Meeting of the Company to be held on 22<sup>nd</sup> September 2010.

Mr Venu Srinivasan, managing director and Dr Lakshmi Venu, Director-Strategy were paid remuneration within the limit stipulated under Schedule XIII of 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.

6.2 Particulars of sitting fees paid to the non-executive directors during the financial year 2009-2010:

Name of the directors - M/s.	Sitting fee (Rs.)
Suresh Krishna	30,000
K Mahesh	37,500
Gopal Srinivasan	52,500
T K Balaji	90,000
Vice Admiral P J Jacob (Retd)	90,000
V Subramanian	67,500
S Santhanakrishnan	37,500
Suresh Kumar Sharma	22,500
T R Sridharan	15,000
D E Udwardia (*)	15,000
D D Udeshi (*)	7,500

(\*) since resigned.

6.3 Details of shareholdings of non-executive directors in the Company as on 31<sup>st</sup> March 2010:

Name of the non-executive director M/s.	No. of shares
Suresh Krishna *	3,064
K Mahesh *	486
Gopal Srinivasan **	132

\* 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 non-executive directors holds any share in the Company.

None of the other non-executive 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 director and Director-Strategy during the financial year 2009-2010:

(Rs. in lakhs)

Name of the Directors	Salary	Contribution to PF & Other Funds	Perquisites	Total
Mr Venu Srinivasan	19.50	2.16	1.91	23.57
Dr Lakshmi Venu (*)	0.55	0.04	-	0.59

(\*) 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 R Raja Prakash, secretary of the Company is the compliance officer of the Investors' Grievance Committee. For any clarification / complaint, the shareholders may contact Mr R Raja Prakash, 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 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 2009-2010:

S.No.	Nature of complaint	No. of complaints
1	Non receipt of share certificates	4
2	Non receipt of dividend warrants	10
3	Non receipt of annual reports	5
	Total	19

7.5. All the complaints were resolved and, as on 31<sup>st</sup> March 2010, 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 31<sup>st</sup> March 2010.

### 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
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
2008-2009	Sathguru Gnanananda Hall Naradha Gana Sabha Trust No. 314 T T K Road, Chennai - 600 018	29.09.2009	10.35 A.M

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

At the last annual general meeting held on 29<sup>th</sup> September 2009, approval of the shareholders was obtained for amending the Articles of Association of the Company pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956.

8.3 Special resolutions 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 26<sup>th</sup> August, 2009 for (1) inserting of a new sub clause 7(a) to 7(h) after the existing sub-clause 6 and renumbering the existing clause 7 as 7(i) in Clause III of main objects of the memorandum of association of the Company in terms of section 17 and other applicable provisions of the Companies Act, 1956; and (2) commencement of business activities in terms of section 149(2A) and other applicable provisions of the Companies Act, 1956 as mentioned in sub-clause 7(a) to 7(h) 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	1,52,95,990 – 99.99%	1,034 – 0.01%
Resolution No. 2	1,52,89,389 – 99.99%	1,250 – 0.01%

8.4 Procedure for Postal Ballot

After receiving the approval of the board, the Notice, Explanatory Statement along with 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 Sriiram, Practising 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, Tamil Nadu 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.

8.5 None of the subjects placed before the shareholders in this annual general meeting requires approval of shareholders by a postal ballot.

## 9. Means of communication to shareholders

The board believes that effective communication of information is an essential component of corporate governance. The Company regularly interacts with shareholders through multiple channels of communication such as result announcement, annual report, media releases, Company's website and 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", "Business Line" and in the regional newspaper, namely "Dinamani".

9.3 Website:

The Company has in place a website addressed as [www.sundaramclayton.com](http://www.sundaramclayton.com). The quarterly financial results and shareholding pattern are 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 : Wednesday, the 22<sup>nd</sup> September 2010 at 10.15 AM

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

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

Financial calendar 2010-11 (Tentative):

Financial reporting for the quarter ending : Financial calendar

30<sup>th</sup> June 2010 : 13<sup>th</sup> August 2010

30<sup>th</sup> September 2010 : between 15<sup>th</sup> October and 15<sup>th</sup> November 2010

31<sup>st</sup> December 2010 : between 15<sup>th</sup> January and 15<sup>th</sup> February 2011

31<sup>st</sup> March 2011 : between 15<sup>th</sup> April and 31<sup>st</sup> May 2011

Annual general meeting : During August / September 2011

10.3 Date of book closure : 19<sup>th</sup> August 2010 to 21<sup>st</sup> August 2010 (both days inclusive)

10.4 Particulars of dividend payment

The board of directors at their meeting held on 25<sup>th</sup> January 2010 declared first interim dividend of Re 0.50 per share (10%) for the year 2009-2010, absorbing a sum of Rs 1.90 Cr. It was paid to the shareholders on 8<sup>th</sup> February, 2010.



## Sundaram-Clayton Limited

The board of directors of the Company at their meeting held on 13<sup>th</sup> August 2010 declared a second interim dividend of Rs.1.25 per share (25%) for the year 2009-10 absorbing a sum of Rs.4.74 Cr. Hence, the total amount of dividend including the second interim dividend payable, for the year ended 31<sup>st</sup> March 2010 will aggregate to Rs.1.75 per share (35%) on 3,79,35,168 equity shares of Rs 5/- each.

### 10.5 Listing on Stock Exchanges:

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

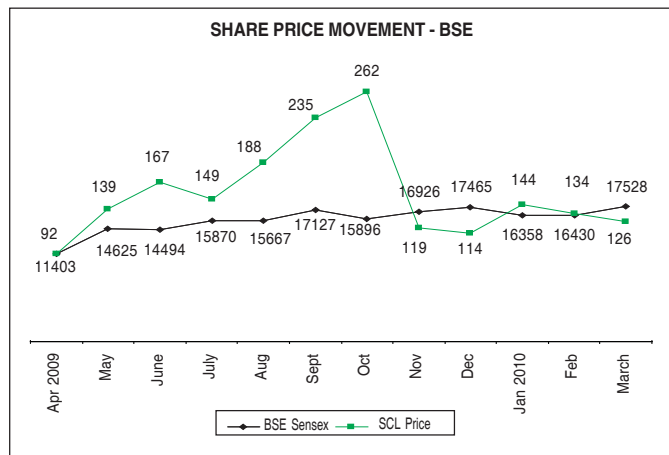
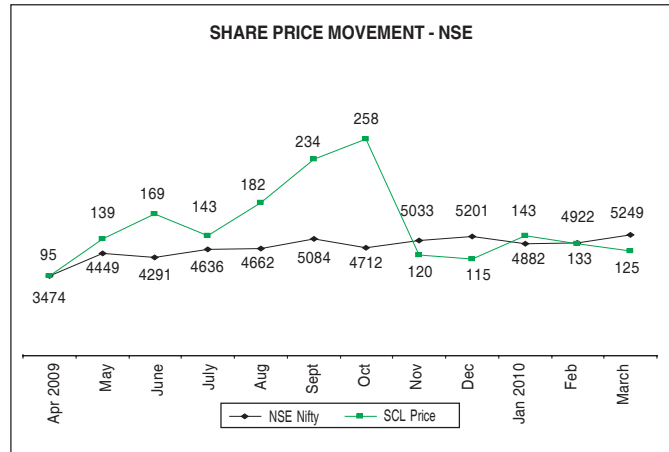
(Note: Annual listing fees for the year 2010-2011 have been duly paid to the above stock exchanges)

### 10.6 Market Price Data:

Month	BSE (in Rs)		NSE (in Rs)	
	High	Low	High	Low
<b>Pre Bonus</b>				
April 2009	92.00	72.85	94.80	70.15
May 2009	138.90	80.00	139.00	72.05
June 2009	166.80	112.00	169.00	107.85
July 2009	148.55	115.25	143.40	114.40
August 2009	188.05	141.30	182.45	140.00
September 2009	235.05	185.25	234.45	180.60
October 2009 (upto 9th October 2009)	262.25	114.00	258.00	114.00
<b>Post Bonus</b>				
October 2009 (from 12th October, 2009)	120.70	101.00	122.00	100.00
November 2009	119.40	94.00	120.00	95.10
December 2009	114.00	102.00	115.00	103.05
January 2010	144.00	108.25	142.90	108.00
February 2010	133.60	105.00	133.40	108.00
March 2010	125.80	107.25	125.20	107.00

The Company has allotted bonus equity shares on 14<sup>th</sup> October 2009 in the ratio of 1:1.

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



### 10.8 Share Transfer System:

- The Company has registered itself with SEBI as Share Transfer Agent (STA) in Category II.
- All matters connected with the share transfer both physical and electronic, dividends and other matters are handled by the share transfer department of the Company located at the address mentioned elsewhere in this report.
- Shares lodged for 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.

- d. Pursuant to clause 47(c) of the Listing Agreement with Stock Exchanges, certificates, on half-yearly basis, are being issued by a Company Secretary-in-practice for due compliance of share transfer formalities by the Company.
- e. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates are being 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.
- f. The Company, as required under clause 47(f) of the Listing Agreement, has designated the following e-mail IDs, namely investorscomplaintssta@scl.co.in (share transfer department) r.rajabprakash@scl.co.in (compliance officer) for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.
- g. Shareholders are, therefore, requested to correspond with the STA for transfer / transmission of shares, change of address and queries pertaining to their shareholding, dividend etc., at the address given in this report.

10.9 Shareholding pattern as on 31<sup>st</sup> March 2010:

Particulars	No. of shares of Rs. 5/- each	% to total
(A) Shareholding of Promoter and Promoter Group		
Indian - Bodies Corporate	30,348,128	80.00
Total Shareholding of Promoter and Promoter Group (A)	30,348,128	80.00
(B) Public Shareholding		
(1) Institutions		
(a) Mutual Funds	1,427,470	3.76
(b) Banks, Financial Institutions, Insurance companies (Central, State Government Institutions, Non-Govt. Institutions)	804	0.00
(c) Foreign Institutional Investors	21,626	0.06
Sub Total Institutions	14,49,900	3.82
(2) Non-Institutions		
(a) Bodies Corporate	878,443	2.32
(b) Individuals <1 Lakh	42,50,569	11.20
(c) Individuals > 1 Lakh	9,27,920	2.45
(d) NRI - Repatriable	43,232	0.11
(e) NRI - Non-Repatriable	36,976	0.10
Sub Total Non-Institutions	61,37,140	16.18
Total (B)	75,87,040	20.00
Grand Total (A) + (B)	3,79,35,168	100.00

10.10 Distribution of Shareholding as on 31<sup>st</sup> March 2010

Shareholding (Range)	No of shares	%	No of members	%
Upto 5000	39,83,995	10.50	19052	99.41
5001-10000	4,48,760	1.18	59	0.31
10001-20000	3,03,168	0.80	20	0.10
20001-50000	4,97,878	1.31	15	0.08
50001-100000	5,78,670	1.53	7	0.04
100001 & above	3,21,22,697	84.68	11	0.06
Total	3,79,35,168	100.00	19,164	100.00

10.11 Dematerialization of shares and liquidity

Out of 75,87,040 shares held by persons other than promoters, 68,48,256 shares have been dematerialised as on 31<sup>st</sup> March 2010 accounting for 90.26%.

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  
Tamilnadu, India  
Tel : 044 - 2625 8212  
Fax : 044 - 2625 7177  
cnp@scl.co.in

Mahindra World City  
Plot No. AA8, Central Avenue,  
Auto Ancillary SEZ,  
Kancheepuram 603 002  
Tamilnadu, India  
Tel. : 044 - 4749 0049  
cnp@scl.co.in

Hosur Hosur - Thally Road  
Belagondapalli  
Hosur 635 114  
Tamilnadu, India  
Tel. : 04347 -233445  
Fax : 04347 - 233014  
cnp@scl.co.in

10.14 Address for investors Correspondence :

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





## 11. Non-mandatory disclosures:

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

### 11.1 The Board:

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

### 11.2 Remuneration committee:

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

### 11.3 Shareholder rights:

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

### 11.4 Audit Qualifications:

The statutory financial statements of the Company are unqualified.

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

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

### 11.6 Whistle blower policy:

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

## 12. Request to shareholders:

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

### 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.

In terms of SEBI's circular no. MRD/DoP/Cir -05/1009 dated 20<sup>th</sup> May 2009 it has become mandatory for transferees to furnish a copy of Permanent Account Number (PAN) for registration of transfer of shares 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) and made a request for such service. No charge will be levied by NSDL / CDSL on DPs for providing this facility to investors. Further information is available on the website of NSDL and CDSL, namely [www.nsdl.co.in](http://www.nsdl.co.in) and [www.cdslindia.com](http://www.cdslindia.com) respectively.

**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 Investor 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 dividends declared for the financial year ended

31<sup>st</sup> March 2004 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

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

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

**PARTICULARS OF UNCLAIMED DIVIDEND OF SUNDARAM-CLAYTON LIMITED**

Financial year	Date of Declaration	Date of transfer to special account	Date of transfer to IEPF
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)	18.08.2008	23.09.2008	23.09.2015
2008-09 (1st Interim)	08.12.2008	13.01.2009	13.01.2016
2008-09 (Final)	29.09.2009	04.11.2009	04.11.2016
2009-10 (1st Interim)	25.01.2010	02.03.2010	02.03.2017



## **Sundaram-Clayton Limited**

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

The shareholders of Sundaram-Clayton Limited, Chennai

On the basis of the written declarations received from members of the board and senior management personnel in terms of the relevant provisions of clause 49 of the Listing Agreement, we hereby certify that both the members of the board and senior management personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the board of directors for the year ended 31<sup>st</sup> March 2010.

Chennai  
6<sup>th</sup> August 2010

R RAJA PRAKASH  
Secretary

VENU SRINIVASAN  
Managing Director

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

To

The shareholders of Sundaram-Clayton Limited, Chennai

We have examined the compliance of conditions of Corporate Governance by Sundaram-Clayton Limited, Chennai - 600 006 for the year ended 31<sup>st</sup> March 2010, 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  
13<sup>th</sup> August 2010

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

M. BALASUBRAMANIAM  
*Partner*  
Membership No. F7945

**Auditors' report to the shareholders of M/s. Sundaram-Clayton Limited, Chennai 600 006  
for the year ended 31<sup>st</sup> March 2010**

We have audited the attached balance sheet of M/s.Sundaram-Clayton Limited, Chennai 600 006 as at 31<sup>st</sup> March 2010 and the profit and loss account for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 and amended by the Companies (Auditor's report) (Amendment) Order, 2004 issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the annexure referred to above, we state that-
  - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - (ii) in our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of such books;
  - (iii) the balance sheet 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 31<sup>st</sup> March 2010 and taken on record by the board of directors, we report that none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 on the said date;
- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - a. in so far as it relates to the balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2010;
  - 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*  
Firm Regn. No. 004207S

M. BALASUBRAMANIAM  
*Partner*  
Membership No. F7945

Chennai  
13<sup>th</sup> August 2010



**Annexure referred to in our report of even date of the accounts for the year ended 31<sup>st</sup> March 2010**

- (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, other than in-transit has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of such verification is adequate. In respect of inventory with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company has maintained proper records of inventory. The discrepancies between the physical stocks and the books were not material and have been properly dealt with in the books of account.
- (iii) (a) During the year, the Company has granted unsecured loans to one of its subsidiaries amounting to Rs. 250 lakhs. (Balance due as at the year end is NIL.)
- (b) During the year, the Company has availed a sum of Rs.5000 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 on which loans and advances are made 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 under Section 301 of the Companies Act, 1956 have been properly entered in the said register.
- (b) In our opinion and according to the information and explanations given to us, the transactions entered in the register maintained under Section 301 and exceeding the value of rupees five lakhs in respect of each party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit from the public.
- (vii) The Company has an internal audit system which, in our opinion, is commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government under Section 209 (1)(d) of the Companies Act, 1956 for maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the records provided to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investors Education and Protection Fund, Income tax, Sales tax, Wealth tax, Customs duty, Excise duty, Service tax and Cess and other statutory dues with the appropriate authorities. However, certain marginally delayed remittances were noticed in respect of some payments dealt with herein. The die casting division at Belagondapalli near Hosur and Mahindra World City, Kancheepuram are not covered under the Employees' State Insurance Act, 1948.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Service tax and Cess were in arrears, as at 31<sup>st</sup> March 2010 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
Central Excise Act, 1944	Interest on excise duty	5.97	Central Excise and Service Tax Appellate Tribunal, Chennai
Wealth Tax Act, 1957	Wealth tax	14.61	Commissioner of Income tax (Appeals), Chennai
Finance Act, 1994	Service tax	172.30	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 its banks.
- (xii) Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit / nidhi / mutual benefit fund / society and as such this clause of the Order is not applicable.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments other than in mutual fund investments. Proper records have been maintained in respect of these transactions and contracts and timely entries have been

made therein. The investments have been held by the Company in its own name except to the extent of exemption granted under section 49 of the Companies Act, 1956 in respect of shares held in subsidiary companies through the nominees.

- (xv) In our opinion, the terms and conditions of guarantees given by the Company for loans taken by others are not prejudicial to the interests of the Company.
- (xvi) The term loans 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. However the Company has issued 1,89,67,584 number of equity shares as Bonus shares.
- (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  
Firm Regn. No. 004207S

M. BALASUBRAMANIAM  
Partner  
Membership No. F7945

Chennai  
13<sup>th</sup> August 2010



**Sundaram-Clayton Limited**

**Balance Sheet as at 31<sup>st</sup> March 2010**

(Rupees in lakhs)

	Schedule number	As at 31.03.2010	As at 31.03.2009
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' funds</b>			
a) Capital	I	1,896.76	948.38
b) Reserves and surplus	II	22,559.21	23,011.89
		<b>24,455.97</b>	23,960.27
<b>2. Loans</b>			
a) Secured loans	III	20,213.96	18,230.12
b) Unsecured loans	IV	8,655.48	15,699.76
		<b>28,869.44</b>	33,929.88
<b>3. Deferred taxation (net)</b>	V	2,034.69	1,993.42
<b>4. Foreign Currency Monetary Item Translation difference account</b>		57.13	—
		<b>55,417.23</b>	59,883.57
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>	VI		
a) Gross block		49,064.04	42,433.75
b) Less: Depreciation		19,450.11	15,950.66
c) Net block		<b>29,613.93</b>	26,483.09
d) Capital work-in-progress		1,131.34	3,946.52
<b>2. Investments</b>	VII	7,343.50	6,728.20
<b>3. Foreign Currency Monetary Item Translation difference account</b>		—	72.97
<b>4. Current assets, loans and advances</b>			
a) Inventories	VIII	11,901.60	12,501.07
b) Sundry debtors	IX	7,280.91	8,667.69
c) Cash and bank balances	X	207.07	242.90
d) Other current assets	XI	15.34	22.76
e) Loans and Advances	XII	5,138.18	6,519.56
	(a)	<b>24,543.10</b>	27,953.98
<b>Less: Current liabilities and provisions</b>			
a) Current liabilities	XIII	4,519.73	3,981.56
b) Provisions	XIV	2,767.88	2,068.40
	(b)	<b>7,287.61</b>	6,049.96
<b>Net current assets</b>	(a)-(b)	<b>17,255.49</b>	21,904.02
<b>Miscellaneous expenditure (to the extent not written off or adjusted)</b>	XV	72.97	748.77
		<b>55,417.23</b>	59,883.57

VENU SRINIVASAN  
Managing Director

GOPAL SRINIVASAN  
Director

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

Chennai  
August 13, 2010

V N VENKATANATHAN  
Executive Vice-President (Finance)

R RAJA PRAKASH  
Secretary

M BALASUBRAMANIAM  
Partner  
Membership No. F7945

## Profit & Loss Account for the year ended 31<sup>st</sup> March 2010

		(Rupees in lakhs)	
	Schedule number	Year ended <b>31.03.2010</b>	Year ended 31.03.2009
Sales (Gross) - automotive related		<b>52,990.94</b>	52,352.89
Less: Excise duty		<b>4,194.75</b>	4,191.05
Sales (Net)		<b>48,796.19</b>	48,161.84
Sales - traded goods - non automotive related		<b>471.34</b>	1,075.15
Other Income	XVI	<b>4,629.30</b>	3,632.88
	a	<b>53,896.83</b>	52,869.87
Materials consumed	XVII	<b>23,889.11</b>	26,640.99
Cost of traded goods sold - non automotive related	XVIII	<b>459.71</b>	1,033.63
Salaries & wages, stores consumed and other expenses	XIX	<b>22,372.94</b>	19,187.18
	b	<b>46,721.76</b>	46,861.80
Profit before interest, depreciation and tax	c = (a-b)	<b>7,175.07</b>	6,008.07
Interest (net)	XX	<b>2,052.35</b>	2,207.17
Depreciation		<b>3,755.89</b>	3,105.06
	d	<b>5,808.24</b>	5,312.23
Profit before tax	e = (c-d)	<b>1,366.83</b>	695.84
Provision- for Income tax		<b>90.00</b>	-
- for Fringe benefit tax		-	51.00
- for Deferred tax		<b>41.28</b>	12.18
	f	<b>131.28</b>	63.18
Profit for the year (after tax)	g = (e-f)	<b>1,235.55</b>	632.66
Balance profit brought forward		<b>1,110.25</b>	866.64
Profit for the year (after tax)		<b>1,235.55</b>	632.66
Dividend tax set off - second interim 2007-08		-	56.41
Total		<b>2,345.80</b>	1,555.71
Tax relating to earlier years		<b>75.98</b>	2.78
First interim dividend paid		<b>189.68</b>	189.73
Second interim dividend payable		<b>474.19</b>	-
Proposed dividend		-	189.68
Dividend tax payable #		-	-
Transfer to general reserve		<b>123.56</b>	63.27
Balance carried to Balance Sheet		<b>1,482.39</b>	1,110.25
Total		<b>2,345.80</b>	1,555.71
Notes on accounts	XXI		
Nominal value of each share in rupees		<b>5.00</b>	5.00
Basic earnings per share in rupees on 3,79,35,168 shares (Last year 1,89,67,584 Shares)		<b>3.26</b>	1.67
Diluted earnings per share in rupees		<b>3.26</b>	1.67

# - As the company has received dividend from its wholly owned subsidiary which has already paid dividend tax thereon, no dividend tax is payable by the company. This is 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  
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Chennai  
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V N VENKATANATHAN  
Executive Vice-President (Finance)

R RAJA PRAKASH  
Secretary

M BALASUBRAMANIAM  
Partner  
Membership No. F7945





Schedules

(Rupees in lakhs)

	As at 31.03.2010	As at 31.03.2009
<b>I. SHARE CAPITAL</b>		
<b>Authorised</b>		
4,00,00,000 Equity Shares of Rs.5/- each (Last Year 2,00,00,000 Equity Shares of Rs.5/- each)	<u>2,000.00</u>	<u>1,000.00</u>
<b>Issued, subscribed and paid-up</b>		
3,79,35,168 Equity Shares of Rs.5/- each fully paid (Last Year 1,89,67,584 Equity Shares of Rs.5/- each fully paid)	<u>1,896.76</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 equity 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/-		
iii) 1,89,67,584 equity shares of Rs.5/- each have been allotted as bonus equity shares by capitalisation of general reserve to the extent of Rs.9,48,37,920/- during the year		
<b>II. RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>	<b>3,397.00</b>	3,397.00
<b>General Reserve</b>		
As per last Balance Sheet	18,504.64	
Less: Capitalised on Issue of Bonus Equity Shares	<u>948.38</u>	
	17,556.26	
Add: Transfer from Profit & Loss Account	<u>123.56</u>	18,504.64
<b>Surplus</b>		
Balance in Profit & Loss Account	<u>1,482.39</u>	<u>1,110.25</u>
	<u>22,559.21</u>	<u>23,011.89</u>
<b>III. SECURED LOANS</b>		
<b>From banks</b>		
a) Secured by hypothecation of raw materials, components, work-in-process, finished goods, book debts, stores, spares and tools	<b>6,551.80</b>	4,634.04
b) Secured by hypothecation of specified plant and machinery		
- Rupee Term Loan	4,632.76	5,001.68
- External Commercial Borrowings	<u>9,029.40</u>	<u>8,594.40</u>
	<u>20,213.96</u>	<u>18,230.12</u>
<b>IV. UNSECURED LOANS</b>		
<b>From banks</b>		
- Short term loans	<b>3,655.48</b>	13,313.76
- Long term loans	-	2,386.00
<b>From others</b>		
- Short term loans	<u>5,000.00</u>	-
	<u>8,655.48</u>	<u>15,699.76</u>

Schedules (continued)

(Rupees in lakhs)

	As at 31.03.2010	As at 31.03.2009
<b>V. DEFERRED TAXATION (NET)</b>		
<b>Deferred tax liabilities</b>		
Tax on depreciation - timing difference	3,407.41	3,283.07
<b>Less : Deferred tax assets</b>		
On employee related schemes	819.67	681.58
On account of unabsorbed depreciation	189.97	229.36
On other provision which will be allowed on payment basis like provision for warranty, provision for doubtful debts, etc..	363.08	378.71
	<u>1,372.72</u>	<u>1,289.65</u>
	<u>2,034.69</u>	<u>1,993.42</u>

**VI. FIXED ASSETS**

Description		Land	Lease hold Land	Buildings	Plant & Machinery, Dies & Jigs	Furniture, Fixtures & Equipments	Vehicles	Others Fixed Assets @	Total as at	
									31.03.2010	31.03.2009
<b>Cost of Assets</b>										
As at 01-04-2009	A	262.59	656.54	3,000.28	36,453.08	1,433.51	483.66	144.09	42,433.75	35,471.46
Additions	B	-	299.92 &	2,353.35	4,746.73	213.43	277.19	12.75	7,903.37 #	7,201.67
Sub-total	C = A + B	262.59	956.46	5,353.63	41,199.81	1,646.94	760.85	156.84	50,337.12	42,673.13
Less: Sales / transfer	D	5.52	6.85	54.77	1,081.70	52.59	70.13	1.52	1,273.08 #	239.38
<b>Total</b>	E = C - D	257.07	949.61	5,298.86	40,118.11	1,594.35	690.72	155.32	49,064.04	42,433.75
<b>Depreciation</b>										
Upto 31-03-2009	F	-	-	874.40	13,844.47	846.48	251.02	134.29	15,950.66	13,021.51
For the year	G	-	-	125.10	3,438.65	107.22	69.03	15.89	3,755.89	3,085.68*
Sub-total	H = F + G	-	-	999.50	17,283.12	953.70	320.05	150.18	19,706.55	16,107.19
Deductions on sales/transfer	I	-	-	13.80	152.41	33.90	54.81	1.52	256.44	156.53
<b>Total</b>	J = H - I	-	-	985.70	17,130.71	919.80	265.24	148.66	19,450.11	15,950.66
<b>Written down value</b>										
As at 31-03-2010		257.07	949.61	4,313.16	22,987.40	674.55	425.48	6.66	29,613.93	-
As at 31-03-2009		262.59	656.54	2,125.88	22,608.61	587.03	232.64	9.80	-	26,483.09

@ Vide note no. XXI 1(z) regarding Intangible Assets under Accounting Standard - 26

# Includes gain of Rs.1,005.66 Lakhs arising on account of restatement of External Commercial Borrowings attributable to acquisition of fixed assets vide note no. XXI 1(k) under Accounting Standard - 11

& Acquired on amalgamation

\* For the year ended 31.03.2009, Depreciation is net off an amount of 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 amendments to Accounting Standard 11

**VI. CAPITAL WORK-IN-PROGRESS (At cost)**

(Rupees in lakhs)

	As at 31.03.2010	As at 31.03.2009
Buildings	173.73	1,704.73
Machinery under installation	957.61	2,241.79
	<u>1,131.34</u>	<u>3,946.52</u>



**Schedules (continued)**

		(Rupees in lakhs)	
		As at 31.03.2010	As at 31.03.2009
<b>VII. INVESTMENTS (AT COST)</b>			
<b>1. Trade-Quoted (fully paid) - Long term</b>			
<b>i) Subsidiary</b>			
	TVS Motor Company Limited, Chennai - 2,10,00,000 equity shares of Re 1/- each (last year - 2,10,00,000 equity shares) (vide Notes on Accounts No XXI (6) )	<b>210.00</b>	210.00
<b>ii) Others</b>			
a)	ICICI Bank Limited, Mumbai - 34,346 equity shares of Rs.10/- each (last year - 34,346 equity shares)	<b>6.87</b>	6.87
b)	Housing Development Finance Corporation Limited, Mumbai - 69,740 equity shares of Rs.10/- each (last year - 69,740 equity shares)	<b>9.31</b>	9.31
c)	HDFC Bank Limited, Mumbai - 500 equity shares of Rs.10/- each (last year - 500 equity shares)	<b>0.05</b>	0.05
	(A)	<u><b>226.23</b></u>	<u>226.23</u>
<b>2. Trade-Unquoted (fully paid) - Long term</b>			
<b>Subsidiaries - Automotive related</b>			
a)	Anusha Investments Limited, Chennai - 5,00,000 equity shares of Rs.100/- each (last year - 5,00,000 equity shares)	<b>500.00</b>	500.00
b)	Auto (India) Engineering Limited, Chennai - (Last year - 50,000 equity shares of Rs 10/- each)	-	5.01
<b>Subsidiaries - Non - Automotive related</b>			
c)	TVS Investments Limited, Chennai - 2,71,88,318 equity shares of Rs 10/- each (last year - 2,71,88,318 equity shares)	<b>4,459.37</b>	4,459.37
	(B)	<u><b>4,959.37</b></u>	<u>4,964.38</u>
<b>3. Non-trade-Unquoted (partly paid up) - Long term</b>			
	Adyar Property Holding Company Limited, Chennai - 105 equity shares (last year - 105 equity shares ) of Rs 100/- each (Rs.65/- per share paid-up)	<b>0.07</b>	0.07
	(C)	<u><b>0.07</b></u>	<u>0.07</u>
<b>4. Non-trade-Unquoted (fully paid up) - Long term</b>			
a)	Kalinavihar Dharshan Co-operative Housing Society Limited, Mumbai - 10 equity shares of Rs.50/- each - Rs. 500 (last year - 10 equity shares)	-	-
b)	Siddarthnagar Co-operative Housing Society Limited, Aundh, Pune - Nil - (last year - 5 equity shares of Rs.50/- each)	-	-
c)	Arkay Energy (Rameswarm) Limited, Hyderabad - 10,50,000 equity shares of Rs.10/- each (last year - 10,50,000 equity shares)	<b>105.00</b>	105.00
d)	ICICI Prudential Life Insurance Company Limited, Mumbai - Group Superannuation	<b>554.63</b>	581.52
	(D)	<u><b>659.63</b></u>	<u>686.52</u>

Schedules (continued)

	(Rupees in lakhs)	
	As at 31.03.2010	As at 31.03.2009
<b>5. Non-trade-quoted (fully paid up)- Short term</b>		
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 (last year - 4,79,753.40 units) of Sundaram BNP Paribas Equity Multiplier Fund - Growth Option	-	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) 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
e) Reliance Capital Asset Management Company Limited, Mumbai (last year - 2,93,398.533 units) of Reliance Equity Advantage Fund - Growth Option	-	30.00
f) 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
g) L&T Mutual Fund, Mumbai - 4,22,221.254 units (last year - 4,22,221.254 units) of L& T Opportunities Fund - Cumulative plan (formerly known as DBS Chola Opportunities Fund - Cumulative plan)	210.00	210.00
h) Birla Sunlife Asset Management Company Limited, Mumbai - 4,32,573.919 units of Birla Sunlife Savings Fund - Institutional- Growth Option	75.12	-
i) Kotak Mahindra Asset Management Company Limited, Mumbai - 10,34,473.05 units of Kotak Floater - Long term- Growth Option	150.01	-
j) Reliance Capital Asset Management Company Limited, Mumbai - 26,41,006.682 units of Reliance Medium Term Fund - Retail - Growth Option	500.05	-
	(E) <u>1,498.20</u>	<u>851.00</u>
Total Investments ( A to E)	<u>7,343.50</u>	<u>6,728.20</u>
<b>SUMMARY</b>		
Quoted Investments	1,724.43	1,077.23
Unquoted Investments	5,619.07	5,650.97
	<u>7,343.50</u>	<u>6,728.20</u>
Short term	1,498.20	851.00
Long term	5,845.30	5,877.20
	<u>7,343.50</u>	<u>6,728.20</u>
<b>Market value of quoted investments</b>	<b>19,480.32</b>	<b>6,248.91</b>



Schedules (continued)

(Rupees in lakhs)

	As at 31.03.2010	As at 31.03.2009
<b>VIII. INVENTORIES</b>		
<b>a. Automotive related</b>		
Raw materials and components *	2,434.87	3,319.53
Work-in-process *	1,509.43	1,081.54
Finished goods *	4,902.73	5,834.91
Stores*	2,932.65	2,226.14
Goods in transit	51.65	12.41
<b>b. Non - Automotive related</b>		
Traded goods *	70.27	26.54
	<u>11,901.60</u>	<u>12,501.07</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, as certified by Managing Director		
<b>IX. SUNDRY DEBTORS - UNSECURED, CONSIDERED GOOD</b>		
a) Debts outstanding for a period exceeding six months		
- Considered good	7.16	227.55
- Considered doubtful	66.86	9.55
Total	74.02	237.10
b) Other debts	7,273.75	8,440.14
	7,347.77	8,677.24
Less: Provision for bad and doubtful debts	66.86	9.55
	<u>7,280.91</u>	<u>8,667.69</u>
<b>X. CASH AND BANK BALANCES</b>		
a) Cash and cheques on hand	42.48	3.27
b) With scheduled banks		
i) Current accounts	152.22	234.07
ii) Cash credit accounts	0.20	3.54
iii) Term deposit account	12.17	2.02
	<u>207.07</u>	<u>242.90</u>
<b>XI. OTHER CURRENT ASSETS</b>		
Interest accrued on investments and deposits	15.34	22.76
	<u>15.34</u>	<u>22.76</u>
<b>XII. LOANS AND ADVANCES - UNSECURED, CONSIDERED GOOD</b>		
a) Advances recoverable in cash or in kind or for value to be received	4,287.26	5,946.60
b) Deposits	509.47	357.19
c) Advance payment of tax less provision	341.45	215.77
	<u>5,138.18</u>	<u>6,519.56</u>
<b>XIII. CURRENT LIABILITIES</b>		
Sundry Creditors	4,519.73	3,981.56
	<u>4,519.73</u>	<u>3,981.56</u>
<b>XIV. PROVISIONS</b>		
a) Dividend proposed	-	189.68
b) Interim dividend payable	474.19	-
c) Pension	1,657.40	1,257.08
d) Leave salary	182.91	174.97
e) Warranty	254.71	248.00
f) Sales tax	198.67	198.67
	<u>2,767.88</u>	<u>2,068.40</u>

## Schedules (continued)

	(Rupees in lakhs)	
	As at / Year ended 31.03.2010	As at / Year ended 31.03.2009
<b>XV. MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)</b>		
Expenditure pending allocation	–	701.84
Upfront fees on long term borrowings	<b>72.97</b>	46.93
	<b>72.97</b>	748.77
<b>XVI. OTHER INCOME</b>		
a) Sale of scrap and empties	<b>1,172.59</b>	748.88
b) Lease rent	<b>24.42</b>	23.68
c) Management services	<b>1,242.83</b>	1,520.75
d) Profit on sale of assets	<b>143.32</b>	5.50
e) Dividend - from subsidiaries	<b>1,369.00</b>	747.00
f) Dividend - from others	<b>24.75</b>	25.50
g) Profit on sale of investments (Last year net of loss Rs. 8.42 Lakhs)	<b>7.94</b>	24.14
h) Export Incentive	<b>251.85</b>	195.49
i) Miscellaneous income	<b>335.47</b>	341.94
j) Exchange gain - foreign currency monetary item translation difference account	<b>57.13</b>	–
	<b>4,629.30</b>	3,632.88
<b>XVII. MATERIALS CONSUMED</b>		
Opening stock :		
Raw materials	<b>3,319.53</b>	2,104.33
Work-in-process	<b>1,081.54</b>	869.88
Finished goods	<b>5,834.91</b>	5,436.13
	<b>10,235.98</b>	8,410.34
Add : Purchases	<b>22,500.16</b>	28,466.63
Total	<b>(a) 32,736.14</b>	36,876.97
Less : Closing stock :		
Raw materials	<b>2,434.87</b>	3,319.53
Work-in-process	<b>1,509.43</b>	1,081.54
Finished goods	<b>4,902.73</b>	5,834.91
Total	<b>(b) 8,847.03</b>	10,235.98
Net	<b>(a)-(b) 23,889.11</b>	26,640.99
<b>XVIII.COST OF TRADED GOODS SOLD - Non Automotive related</b>		
Opening stock	<b>26.54</b>	194.89
Add :Purchases	<b>503.44</b>	865.28
	<b>529.98</b>	1,060.17
Less :Closing stock	<b>70.27</b>	26.54
	<b>459.71</b>	1,033.63



Schedules (continued)

(Rupees in lakhs)

Year ended 31.03.2010      Year ended 31.03.2009

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

Salaries, wages and bonus (includes to managing directors Rs. 20.05 lakhs - last year Rs 32.39 lakhs)	<b>5,505.03</b>	4,833.80
Stores and tools consumed (includes Rs.41.42 lakhs wages - last year Rs 77.79 lakhs)	<b>4,971.16</b>	4,122.02
Contribution to provident and other funds (includes to managing directors Rs.2.20 lakhs - last year Rs 4.02 lakhs)	<b>557.94</b>	392.43
Power and fuel	<b>3,146.45</b>	2,543.77
Workmen and staff welfare expenses (includes to managing directors - Rs 1.91 lakhs - last year Rs 4.29 lakhs)	<b>824.85</b>	797.81
Rent (includes on behalf of managing directors -Rs Nil - last year Rs 2.25 lakhs)	<b>176.01</b>	133.36
Rates and taxes	<b>65.01</b>	57.38
Repairs and maintenance		
a) Building	<b>636.48</b>	634.94
b) Machinery	<b>1,060.71</b>	1,040.12
c) Other assets	<b>40.92</b>	45.63
Insurance	<b>94.84</b>	71.80
Commission	<b>28.54</b>	20.00
Audit fees	<b>24.97</b>	20.06
Directors' sitting fees	<b>4.65</b>	5.92
Cash discount	<b>17.76</b>	4.48
Travel and conveyance	<b>423.72</b>	319.88
Packing and forwarding	<b>1,666.95</b>	1,858.31
Warehousing charges	<b>564.76</b>	600.23
Data processing	<b>132.95</b>	134.05
Research and development	<b>8.77</b>	5.35
Warranty expenses	<b>463.80</b>	153.50
Other expenses	<b>1,919.61</b>	1,349.51
Amortisation of foreign currency monetary item translation difference account	-	36.48
Loss on sale of assets	<b>37.06</b>	6.35
	<b><u>22,372.94</u></b>	<u>19,187.18</u>

**XX. INTEREST**

a) On fixed loans	<b>855.83</b>	402.22
b) Others	<b>1,331.02</b>	2,222.55
Total	<b>(A) <u>2,186.85</u></b>	<u>2,624.77</u>
Less : Interest income		
a) On non-trade investments (gross)	-	1.78
b) On advances and deposits (gross)	<b>134.50</b>	415.82
Total	<b>(B) <u>134.50</u></b>	<u>417.60</u>
	<b>(A) - (B) <u>2,052.35</u></b>	<u>2,207.17</u>

## Schedules (continued)

## XXI. NOTES ON ACCOUNTS

(Rupees in lakhs)

Sl. No.	Particulars	As at / Year ended 31.03.2010	As at / Year ended 31.03.2009
	<b>Preamble:</b>		
	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 strategic activity. The company also derives Income from sale of certain electronic hardware items which is non core and non strategic in nature.		
	The method of accounting and compliance with various accounting standards is displayed below:		
<b>1</b>	<b>Accounting Standards</b>		
<b>a)</b>	<b>AS - 1 Disclosure of Accounting policies</b>		
	The accounts are maintained on accrual basis as a going concern.		
<b>b)</b>	<b>AS - 2 Valuation of Inventories</b>		
	Inventories are valued in accordance with the method of valuation prescribed by The Institute of Chartered Accountants of India at lower of weighted average cost or net realisable value.		
<b>c)</b>	<b>AS - 3 Cash flow statement</b>		
	Cash flow statement is prepared under "Indirect Method" and the same is annexed.		
<b>d)</b>	<b>AS - 4 Contingencies and events occurring after the balance sheet date</b>		
	Disclosure of contingencies as required by the accounting standard is furnished in note no. 9		
	In respect of External Commercial Borrowings (ECB) - USD 5 Million, the company has created charge subsequent to the Balance sheet date and hence, the same has been included under "secured loans". This was grouped under the head "unsecured loans" in the last year, now reclassified under "secured loans".		
<b>e)</b>	<b>AS - 5 Net profit or loss for the period, prior period items and changes in accounting policies</b>		
	<b>Prior period debits included in profit and loss account:</b>		
	Raw materials and components consumed	-	0.99
	Salaries & wages	-	7.45
	Other expenses	<b>3.89</b>	0.11
	<b>Prior period credits included in profit and loss account:</b>		
	Reversal of Employees State Insurance provision made earlier	-	15.50
	Accounting of earlier year's sales	<b>19.56</b>	-
<b>f)</b>	<b>AS - 6 Depreciation accounting</b>		
	Depreciation has been provided under the straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956 with applicable shift allowance. In respect of the assets added/sold during the year, pro-rata depreciation has been provided.		
	Depreciation in respect of computers and vehicles has been provided @ 30% and 18% respectively which 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)

<b>As at / Year ended 31.03.2010</b>	<b>As at / Year ended 31.03.2009</b>
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**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.322.62 Lakhs (Last year Rs.55.52 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 are held declares the dividend and when the right to receive is established.

The revenue and expenditure are accounted on a going concern basis.

**j) AS - 10 Accounting for Fixed assets**

All the fixed assets are valued at cost including expenditure incurred in bringing them to usable condition as reduced by Central Value Added Tax (CENVAT) credit less depreciation.

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

Foreign currency transactions

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

In terms of Companies (Accounting Standards) Amendment Rules, 2009, 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:

(Rupees in lakhs)

	Relating to year ended	
	31.03.2010	31.03.2009
Gain / (Loss) arising from changes in foreign exchange rates relating to depreciable capital assets reduced / added to carrying cost of such assets	1,005.66	(1,625.96)
Gain / (Loss) arising from changes in foreign exchange rates relating to other long term foreign currency monetary items (not relating to acquisition of depreciable assets) credited / debited to "Foreign Currency Monetary Item Translation Difference Account".	187.23	(109.45)
Amortisation of "Foreign Currency Monetary Item Translation Difference account" by crediting / (debiting) the Profit & Loss account.	57.12	(36.48)

## Schedules (continued)

## XXI. NOTES ON ACCOUNTS (continued)

(Rupees in lakhs)

As at / Year ended	As at / Year ended
31.03.2010	31.03.2009

**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, with an option to fix the repayment liability of the company in Indian Rupees. ( Outstanding ECB loan at the end of the year is JPY equivalent to USD 20.6 Million)

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

The company has entered into one derivative contract (included in currency swaps above) in respect of external commercial borrowings amounting to JPY equivalent to USD 10 Million to convert the floating interest rate to fixed interest rate.

**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 diminution is other than temporary in nature in the opinion of the management.

**(i) Investments made during the year ( at cost ) :**

1	Canara Robeco Asset Management Company Limited, Mumbai	-	2,000.00
2	Lotus India Asset Management Company Private Limited, Mumbai	-	812.40
3	UTI Asset Management Company Limited, Mumbai	-	495.57
4	Sundaram BNP Paribas Asset Management Company Limited, Chennai	54.73	-
5	Reliance Capital Asset Management Limited, Mumbai	1,030.40	294.04
6	Deutsche Asset Management India Private Limited, Mumbai	-	55.26
7	Birla Sunlife Asset Management Company Limited, Mumbai	350.02	-
8	Kotak Mahindra Asset Management Company Limited, Mumbai	300.01	-
9	Auto (India) Engineering Limited, Chennai	-	5.01
	Total	<u>1,735.16</u>	<u>3,662.28</u>

**(ii) Investments realised during the year (at cost) :**

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	560.35	294.04
4	UTI Asset Management Company Limited, Mumbai	-	495.57
5	Sundaram BNP Paribas Asset Management Company Limited, Chennai	102.71	-
6	Deutsche Asset Management India Private Limited, Mumbai	-	105.26
7	Birla Sunlife Asset Management Company Limited, Mumbai	274.90	-
8	Kotak Mahindra Asset Management Company Limited, Mumbai	150.00	-
9	DBS Cholamandalam Asset Management Limited, Mumbai	-	1.79
10	6.75% Tax free bonds in Unit Trust of India, Mumbai (transferred on de-merger in previous year)	-	166.70
11	Auto (India) Engineering Limited, Chennai	5.01	-
12	ICICI Prudential Life Insurance Company Limited, Mumbai - Group Superannuation	26.89	-
	Total	<u>1,119.86</u>	<u>3,875.76</u>

**Cost of investments held as at Balance Sheet date**

<b>7,343.50</b>	<b>6,728.20</b>
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Schedules (continued)

XXI. NOTES ON ACCOUNTS (continued)

(Rupees in lakhs)

As at /  
Year ended  
31.03.2010

As at /  
Year ended  
31.03.2009

n) AS - 14 Accounting for Amalgamation

Auto (India) Engineering Limited, Chennai, the company's wholly owned 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 have been carried out during the year in the books of accounts.

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.

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

C Disclosure as required by Accounting Standard 15

	Leave salary	Pension	Gratuity
(a) Expenses recognised in the Profit & Loss Account			
(i) Current service cost	4.08	–	45.64
(ii) Interest cost	13.84	108.68	39.10
(iii) Expected return on plan assets	–	–	(58.54)
(iv) Net actuarial loss /(gain) recognised in the year	(6.12)	322.36	64.62
<b>Total</b>	<b>11.80</b>	<b>431.04</b>	<b>90.82</b>
(b) Change in defined benefit obligation during the year ended 31st March 2010			
(i) Present value of obligation as at beginning of the year (01-04-2009)	174.98	1,257.09	488.71
(ii) Interest cost	13.84	108.68	39.10
(iii) Current service cost	4.08	–	45.64
(iv) Benefits paid	(3.87)	(30.73)	(61.52)
(v) Actuarial loss on obligation	(6.12)	322.36	64.62
(vi) Present value of obligation as at the end of the year (31-03-2010)	182.91	1,657.40	576.55
(c) Change in fair value of plan assets during the year ended 31st March 2010			
(i) Fair value of plan assets at the beginning of the year (01-04-2009)	–	–	671.79
(ii) Expected return on plan assets	–	–	58.54
(iii) Contributions made during the year	–	–	–
(iv) Benefits paid	–	–	(61.52)
(v) Actuarial gain on plan assets	–	–	–
(vi) Fair value of plan assets as at the end of the year 31st March 2010	–	–	668.81

## Schedules (continued)

## XXI. NOTES ON ACCOUNTS (continued)

(Rupees in lakhs)

	As at / Year ended 31.03.2010	As at / Year ended 31.03.2009	
	<b>Leave salary</b>	<b>Pension</b>	<b>Gratuity</b>
(d) Balance Sheet movements			
(i) Value of benefit obligations / (net assets) at the beginning of the year (01-04-2009)	174.98	1,257.09	–
(ii) Contributions made during the year	–	–	(90.82)
(iii) Expenses	11.80	431.04	–
(iv) Benefits paid	(3.87)	(30.73)	–
(iv) Value of benefit	182.91	1,657.40	(90.82)
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.			
(e) Actuarial assumptions			
(i) Discount rate used	8.00%	8.75%	8.00%
(ii) Expected return on plan assets	NA	NA	8.00%
Estimates of future salary increase considered in actuarial valuation take into account the inflation, seniority and other relevant factors.			

**p) AS - 16 Borrowing costs**

The borrowing costs has been treated in accordance with Accounting Standard on borrowing costs (AS 16) issued by The Institute of Chartered Accountants of India. During the year, a sum of Rs. 310.44 lakhs (last year Rs. 295.82 lakhs) being interest on borrowings attributable to qualifying assets have been capitalised under the various heads.

**q) AS - 17 Segment reporting**

The Company operates in only one segment viz., Automotive Components and there are no separate reportable segments. As the income from traded goods i.e., Rs 471.34 lakhs is less than 10% of total income and is also a non - automotive activity, the income therefrom is not recognised as a separate segment.

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

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

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

Since all the lease agreements were entered before 1<sup>st</sup> April 2001 this standard is not applicable.

**t) AS - 20 Earnings per share (EPS)**

Disclosure is made in the Profit and Loss Account as per the requirements of the standard.

**u) AS - 21 Consolidated financial statements**

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

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

Current tax is determined as 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.



Schedules (continued)

XXI. NOTES ON ACCOUNTS (continued)

(Rupees in lakhs)

<b>As at / Year ended 31.03.2010</b>	As at / Year ended 31.03.2009
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w) **AS - 23 Accounting for Investments in Associates in Consolidated Financial Statements**

- I) Sundram Non-Conventional Energy Systems Limited, Chennai (SNEL) is an associate of Anusha Investments Limited, Chennai, which is a wholly owned subsidiary of the Company. Hence SNEL is an associate of the Company.
- II) TVS-E Access India Limited, Chennai is a subsidiary of TVS Investments Limited, Chennai, which is a wholly owned subsidiary of the Company. Hence TVS-E Access India Limited, Chennai is a subsidiary of the Company.  
Anusha Investments Limited, Chennai and TVS-E Access India Limited together hold 37.67% of equity share capital of TVS Finance & Services Limited, Chennai (TVS F&S). Hence TVS F & S is an associate of the Company.  
Accordingly, the financial statements of SNEL and TVS F & S are considered in the preparation of consolidated financial statements of the Company.

x) **AS - 24 Discontinuing operations**

The Company has not discontinued any operations during the year.

y) **AS - 25 Interim Financial Reporting**

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

z) **AS - 26 Intangible Assets**

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

Licences & Software :

- Useful life of the assets		<b>2 years</b>	2 years
- Amortisation rates used		<b>50% each year as depreciation</b>	50% each year as depreciation
- Gross carrying amounts at the beginning and at the end of the period together with additions and deletions during the year			
Opening balance		<b>144.09</b>	125.06
Additions during the year		<b>12.75</b>	19.03
Less: Deletions during the year		<b>1.52</b>	-
Total	(A)	<b>155.32</b>	144.09
Amortisation			
Opening balance		<b>134.29</b>	116.03
For the year		<b>15.89</b>	18.26
Less: Deletions during the year		<b>1.52</b>	-
Total amortisation	(B)	<b>148.66</b>	134.29
Closing balance	(A - B)	<b>6.66</b>	9.80

## Schedules (continued)

## XXI. NOTES ON ACCOUNTS (continued)

(Rupees in lakhs)

	As at / Year ended 31.03.2010	As at / Year ended 31.03.2009
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<b>aa) AS - 27 Financial reporting of interest in joint ventures</b>		
The Company has no interest in joint venture.		
<b>ab) AS - 28 Impairment of Assets</b>		
The carrying amount of the assets net of accumulated depreciation as on the balance sheet date is not less than the recoverable amount of those assets.		
<b>ac) AS - 29 Provisions, contingent liabilities and contingent assets</b>		
(i) Provisions		
In respect of warranty obligations, provision is made in accordance with terms of sale vide Schedule XIV to Balance sheet.		
(ii) Contingent liabilities		
Amount for which the Company is contingently liable is disclosed in note 9.		
(iii) Contingent assets		
Contingent assets which are likely to give rise to possibility of inflow of economic benefits - NIL		
(iv) Contested liabilities are detailed in note 14.		
<b>2 Amount of Loan repayable within one year:</b>		
Secured - from banks	9,861.00	5,760.79
Unsecured - from banks	3,655.48	13,313.76
- from subsidiary	5,000.00	-
<b>3 Dues from Subsidiaries</b>		
Debtors include due from subsidiaries		
- Debts outstanding for a period exceeding six months	4.20	35.98
- Other debts	127.22	2,445.42
<b>4 Dues from Subsidiaries</b>		
Loans and advances include dues from subsidiaries		
Auto (India) Engineering Limited, Chennai	-	133.00
Anusha Investments Limited, Chennai	-	800.00
<b>5 Sundry creditors include:</b>		
a) Investor Education and Protection fund - Unpaid dividend	38.54	45.00
b) Due to directors	0.55	4.52
c) Amount due to micro and small scale industrial units	146.46	133.28
d) Amount due to other industrial units	1,104.85	248.91
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)	146.46	133.28
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



Schedules (continued)

XXI. NOTES ON ACCOUNTS (continued)

(Rupees in lakhs)

As at / Year ended 31.03.2010	As at / Year ended 31.03.2009
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(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
<b>6 Investment in Subsidiaries</b>		
The Company holds 2,10,00,000 equity shares of Re.1 each and its wholly owned subsidiary Anusha Investments Limited, Chennai holds 11,53,41,393 equity shares of Re.1/- each in M/s.TVS Motor Company Limited, Chennai (TVSM). This aggregates to 57.40% of the paid up capital of TVSM. Hence, TVSM is a subsidiary of the Company.		
<b>7 Bank balance includes amount in respect of</b>		
- Unclaimed dividends	38.54	45.00
- Balances lying with non-scheduled banks Bank of America, Chicago, USA		
- in current account	9.42	7.34
- Maximum balance lying with non-scheduled banks at any time during the year HSBC Bank Plc, London, UK	-	3,614.03
Bank of America, Chicago, USA	119.57	31.82
<b>8 Loans and Advances include:</b>		
- Amount lying with central excise	1.53	4.63
- Amount due from an officer of the Company	-	16.34
- Maximum amount due from an officer of the Company at any time during the year	-	16.66
<b>9 Contingent liability not provided for:</b>		
a) On letters of credit opened with bankers	3,086.62	466.57
b) On partly paid shares	0.04	0.04
c) Capital commitments not provided	1,794.09	663.87
d) On guarantee furnished on behalf of employees	1.15	1.31
e) On account of future export obligations (under Export Promotion Capital Goods scheme and Advance Licence)	3,998.20	8,896.58
f) On excise duty payable on finished goods not cleared from the factory	15.56	3.48
<b>10 Tax deducted at source on</b>		
a) Interest receipts	23.20	113.29
b) Contract income	53.86	48.04
c) Service charges	152.88	227.56
d) Miscellaneous income	86.15	27.22

## Schedules (continued)

## XXI. NOTES ON ACCOUNTS (continued)

(Rupees in lakhs)

	As at / Year ended 31.03.2010	As at / Year ended 31.03.2009
<b>11 Audit fees consists of</b>		
a) Audit fees	16.00	15.00
b) Certification fees	2.50	2.00
c) Taxation matters	1.50	1.00
d) Other services	2.85	0.32
e) Reimbursement of expenses	2.12	1.74
<b>12 Contribution to provident and other funds include</b>		
(a) Gratuity as per scheme framed by Life Insurance Corporation of India (LIC)	3.50	74.06
(b) Pension fund	400.32	9.51
(c) Deposit linked insurance as per scheme framed by LIC	7.58	3.51
<b>13 Repairs include</b>		
Stores consumed	131.67	119.78
<b>14 Liability contested and not provided for</b>		
a) Excise duty	5.97	8.45
b) Wealth tax	14.61	14.61
c) Service tax	172.30	112.39
d) Electricity	-	8.84
e) Others	57.75	57.75
<b>15 Loss on sale of investments netted against profit on sale of investments</b>	-	8.42
<b>16 Research and development expenditure incurred and claimed under Income tax Act, 1961</b>		

(Rs. in lakhs)

Particulars	As at/ year ended 31.03.2010	As at/ year ended 31.03.2009	As at/ year ended 31.03.2008	As at/ year ended 31.03.2007	As at/ year ended 31.03.2006
<b>Capital expenditure</b>					
Capital Equipment	37.23	30.78	109.87	317.49	488.36
Land & Building	-	-	-	4.03	-
<b>Revenue expenditure</b>					
Salaries / Wages	349.28	217.57	298.31	547.12	407.64
Materials / Consumables / Spares	-	-	-	175.00	217.32
Utilities - Water	-	-	-	-	-
Utilities - Electricity	-	-	-	-	-
Consultancy Payments	6.29	80.66	44.74	79.05	66.05
Travel Expenditure	16.79	19.48	12.20	34.09	32.45
Other Expenditure	35.48	239.00	113.56	452.74	137.59
<b>Total</b>	<b>445.07</b>	<b>587.49</b>	<b>578.68</b>	<b>1,609.52</b>	<b>1,349.41</b>
<b>Out of the above expenditure</b>					
a) On projects approved by DSIR for Weighted Deduction	387.20	566.43	512.63	1,089.99	1,212.37
b) Others	57.87	21.06	66.05	519.53	137.04
<b>Total</b>	<b>445.07</b>	<b>587.49</b>	<b>578.68</b>	<b>1,609.52</b>	<b>1,349.41</b>

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





Schedules (continued)

XXI. NOTES ON ACCOUNTS (continued)

(Rupees in lakhs)

18 Disclosure made in terms of clause 32 of the Lisiting Agreement with Stock Exchanges

Particulars	Name of the company	Amount outstanding as on 31-03-2010	Maximum amount due at any one time during the year	Amount outstanding as on 31-03-2009
a) Loans and advances				
(i) Loans and advances in the nature of loans made to subsidiary Company	Anusha Investments Limited, Chennai	–	1,050.00	800.00
(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 372A of the Companies Act	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
(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) | Holding Company      | T V Sundram Iyengar & Sons Limited, Madurai  |
| c) | Subsidiary companies | <ul style="list-style-type: none"> <li>(i) Anusha Investments Limited, Chennai (AIL) - Direct Subsidiary of SCL</li> <li>(ii) TVS Investments Limited, Chennai (TVSI) - Direct Subsidiary of SCL</li> <li>(iii) TVS Motor Company Limited, Chennai (TVSM) - Indirect Subsidiary of SCL</li> <li>(iv) TVS Energy Limited, Chennai - Subsidiary of TVSM</li> <li>(v) Sundaram Auto Components Limited, Chennai - Subsidiary of TVSM</li> <li>(vi) TVS Motor (Singapore) Pte. Limited, Singapore - (TVSM Singapore) - Subsidiary of TVSM</li> <li>(vii) TVS Motor Company (Europe) B.V. Amsterdam - Subsidiary of TVSM</li> <li>(viii) PT TVS Motor Company Indonesia, Jakarta - Subsidiary of TVSM Singapore</li> <li>(ix) TVS Electronics Limited, Chennai (TVSE) - Subsidiary of TVSI</li> <li>(x) TVS Capital Funds Limited, Chennai - Subsidiary of TVSI</li> <li>(xi) TVS-E Access India Limited, Chennai - Subsidiary of TVSI</li> <li>(xii) TVS-E Servicetec Limited, Chennai - Subsidiary of TVSI</li> <li>(xiii) Sravanaa Properties Limited, Chennai - Subsidiary of TVSI</li> <li>(xiv) Tumkur Property Holdings Limited, Chennai - Subsidiary of TVSE</li> <li>(xv) Prime Property Holdings Limited, Chennai - Subsidiary of TVSE</li> </ul> |
| d) | Fellow Subsidiaries  | <ul style="list-style-type: none"> <li>(l) Indian Companies                             <ul style="list-style-type: none"> <li>(i) Southern Roadways Limited, Madurai</li> <li>(ii) Sundaram Industries Limited, Madurai</li> <li>(iii) The Associated Auto Parts Limited, Mumbai</li> <li>(iv) TVS Interconnect Systems Limited, Madurai</li> <li>(v) TVS Logistics Services Limited, Madurai</li> <li>(vi) Lucas-TVS Limited, Chennai</li> <li>(vii) Sundaram Textiles Limited, Madurai</li> <li>(viii) NSM Holdings Limited, Madurai</li> <li>(ix) TVSNet Technologies Limited, Madurai</li> <li>(x) TOR Projects &amp; Services Limited, Madurai</li> <li>(xi) NK Telecom Products Limited, Madurai</li> <li>(xii) NK Telesystems Limited, Madurai</li> <li>(xiii) TVS Commutation Solutions Limited, Madurai</li> <li>(xiv) Lucas Indian Service Limited, Chennai</li> <li>(xv) TVS Automotive Systems Limited, Chennai</li> <li>(xvi) TVS Dynamic Global Freight Services Limited, Chennai</li> </ul> </li> </ul>  |



**Schedules (continued)**

**XXI. NOTES ON ACCOUNTS (continued)**

- |   |  |
|---|--|
| d) Fellow Subsidiaries  | (II) Overseas Companies  |
|   | (i) TVS Automotive Europe Limited, United Kingdom                    |
|   | (ii) TVS C J Components Limited, United Kingdom                      |
|   | (iii) TVS Logistics Iberia S.L., Spain                               |
|   | (iv) TVS Logistics Siam Limited, Thailand                            |
|   | (v) TVS Autoserv GmbH, Germany                                       |
|   | (vi) TVS Logistics Investment United Kingdom Limited, United Kingdom |
|   | (vii) YeleStre Holdings Limited, United Kingdom                      |
|   | (viii) Multipart (Holdings) Limited, United Kingdom                  |
|   | (ix) Multipart Solutions Limited, United Kingdom                     |
|   | (x) IH Crick Property Co Limited, United Kingdom                     |
|   | (xi) Msys Software Solutions Limited, United Kingdom                 |
|   | (xii) Globe Dynamics Limited, United Kingdom                         |
|   | (xiii) Globe Transport Products Limited, United Kingdom              |
|   | (xiv) Iranian Automotive Systems, Iran                               |
| e) Associate companies  | (i) TVS Finance & Services Limited, Chennai                          |
|   | (ii) Sundram Non-Conventional Energy Systems Limited, Chennai        |
| f) Key management personnel(KMP)  | (i) Mr Venu Srinivasan, Managing director                            |
|   | (ii) Dr Lakshmi Venu, Director - Strategy                            |
| g) Relative of KMP  | Mrs Mallika Srinivasan   |
| h) Enterprise over which KMP and his relative have significant influence. | Harita-NTI Limited, Chennai  |

## Schedules (continued)

## XXI. NOTES ON ACCOUNTS (continued)

## 20 Related party transactions

(Rupees in lakhs)

Sl. No	Nature of transactions	Name of the company	Holding	Subsidiaries	Associates	KMP - Significant influence	Key management personnel	Relative of key management personnel	Total
1	Purchase of goods	T V Sundram Iyengar & Sons Ltd, Madurai Harita - NTI Ltd, Chennai	14.66	-	-	-	-	-	14.66
			-	-	-	123.95	-	-	123.95
			14.66 (2.47)	- (37.10)	-	123.95 -	-	-	138.61 (39.57)
2	Sale of goods (including sub contract charges received)	TVS Motor Company Ltd, Chennai TVS Electronics Ltd, Chennai	-	9,399.28	-	-	-	-	9,399.28
			-	471.34	-	-	-	-	471.34
			-	9,870.62 (10,597.10)	-	-	-	-	9,870.62 (10,597.10)
3	Purchase of power	TVS Motor Company Ltd, Chennai Sundram Non Conventional Energy Systems Ltd, Chennai	-	92.66	-	-	-	-	92.66
			-	-	51.38	-	-	-	51.38
			-	92.66 -	51.38 (46.26)	-	-	-	144.04 (46.26)
4	Rendering of services	TVS Motor Company Ltd, Chennai TVS Finance & Services Ltd, Chennai Sundaram Auto Components Ltd, Chennai TVS Electronics Ltd, Chennai Harita - NTI Ltd, Chennai	-	977.35	-	-	-	-	977.35
			-	-	4.38	-	-	-	4.38
			-	101.91	-	-	-	-	101.91
			-	7.23	-	-	-	-	7.23
			-	-	-	13.45	-	-	13.45
-	1,086.49 (868.84)	4.38 (1.72)	13.45 -	-	-	1,104.32 (870.56)			
5	Receiving of services	TVS Motor Company Ltd, Chennai TVS E-Servicetec Limited, Chennai	-	20.87	-	-	-	-	20.87
			-	38.85	-	-	-	-	38.85
			-	59.72 (49.56)	-	-	-	-	59.72 (49.56)
6	Lease rent Received	Sundram Non Conventional Energy Systems Ltd, Chennai	-	-	23.36	-	-	-	23.36
			-	-	(23.68)	-	-	-	(23.68)
7	Remuneration paid		-	-	-	-	24.16	0.05	24.21
			-	-	-	-	(43.31)	(0.05)	(43.36)
8	Other transactions Rent paid	Anusha Investments Ltd, Chennai Sundaram Auto Components Ltd, Chennai TVS Electronics Ltd, Chennai	-	2.75	-	-	-	-	2.75
			-	0.28	-	-	-	-	0.28
			-	3.31	-	-	-	-	3.31
			-	6.34	-	-	-	-	6.34
			-	(5.75)	-	-	-	-	(5.75)

Previous year's figures are furnished in brackets.



Schedules (continued)

XXI. NOTES ON ACCOUNTS (continued)

20 Related party transactions (continued)

(Rupees in lakhs)

Sl. No	Nature of transactions	Name of the company	Holding	Subsidiaries	Associates	KMP - Significant influence	Key management personnel	Relative of key management personnel	Total
9	Finance Inter corporate deposits made and received back	Anusha Investments Ltd, Chennai	-	250.00	-	-	-	-	250.00
			-	250.00 (3,760.00)	-	-	-	-	250.00 (3,760.00)
	Inter corporate deposits received and outstanding	TVS Motor Company Ltd, Chennai	-	5,000.00	-	-	-	-	5,000.00
			-	5,000.00 -	-	-	-	-	5,000.00 -
	Dividend received	TVS Motor Company Ltd, Chennai	-	294.00	-	-	-	-	294.00
		Anusha Investments Ltd, Chennai	-	1,075.00	-	-	-	-	1,075.00
			-	1,369.00 (747.00)	-	-	-	-	1,369.00 (747.00)
	Interest Expenses (paid/payable)	TVS Motor Company Limited, Chennai	-	23.79	-	-	-	-	23.79
			-	23.79	-	-	-	-	23.79
			-	(1.88)	-	-	-	-	(1.88)
	Interest income received	Anusha Investments Ltd, Chennai	-	62.42	-	-	-	-	62.42
		Harita - NTI Ltd, Chennai	-	-	-	0.08	-	-	0.08
			-	62.42 (196.61)	-	0.08	-	-	62.50 (196.61)
10	Outstanding as on 31 <sup>st</sup> March 2010 Receivables	TVS Motor Company Ltd, Chennai	-	104.43	-	-	-	-	104.43
		TVS Electronics Ltd, Chennai	-	26.99	-	-	-	-	26.99
		TVS Finance and Services Ltd, Chennai	-	-	1.08	-	-	-	1.08
			-	131.42	1.08	-	-	-	132.50
			-	(2,481.40)	-	-	-	-	(2,481.40)
	Payables	Sundaram Auto Components Ltd, Chennai	-	1.46	-	-	-	-	1.46
			-	-	-	-	0.59	-	0.59
			-	1.46	-	-	0.59	-	2.05
			-	(0.88)	-	-	(4.52)	-	(5.40)

Previous year's figures 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 30<sup>th</sup> October 1973 of the Ministry of Corporate Affairs,  
Government of India)

(Rupees in lakhs)

	Year ended 31.03.2010		Year ended 31.03.2009	
	Quantity	Value	Quantity	Value
<b>I. RAW MATERIALS CONSUMED</b>				
1. a) Basic raw materials				
Aluminium alloys and ingots	Kgs. 23,065,341	21,172.63	18,955,788	23,270.19
b) Intermediates and components (which individually do not account for 10% or more of the total value of consumption)		2,212.19		3,981.24
		<u>23,384.82</u>		<u>27,251.43</u>
	<b>% of total consumption</b>		<b>% of total consumption</b>	
2. Consumption of raw materials and components				
a) Imported		69.2	72.7	19,815.46
b) Indigeneous		30.8	27.3	7,435.97
		<u>100.0</u>	<u>100.0</u>	<u>27,251.43</u>
<b>II. CONSUMPTION OF MACHINERY SPARES</b>				
a) Imported		13.5	9.2	19.32
b) Indigenous		86.5	90.8	190.37
		<u>100.0</u>	<u>100.0</u>	<u>209.69</u>
<b>III. IMPORTS (CIF value)</b>				
a) Raw materials		14,066.49		20,712.23
b) Spares, stores and components		85.31		295.12
c) Capital goods		1,599.69		4,367.44
d) Trading goods		479.65		634.17



Schedules (continued)

XXI. NOTES ON ACCOUNTS (continued)

(Rupees in lakhs)

Year ended  
31.03.2010

Year ended  
31.03.2009

IV. EXPENDITURE IN FOREIGN CURRENCY

a) Travel	49.54	44.30
b) Consultancy for Productivity improvement	21.29	110.65
c) Marketing Expenses	115.96	53.55
d) Manpower recruitment	11.27	4.66
e) Legal and trade marks	89.80	140.95
f) Subscriptions	10.08	8.95
g) Computer software	10.38	15.87
h) Rework charges	361.90	153.50
i) Interest on foreign currency loan	973.31	927.08
j) Warehousing fees	385.70	519.83
k) Salaries	96.66	94.88
l) Insurance	7.36	5.71
m) Rent	8.98	9.84
n) Repairs and Maintenance	36.23	19.16
o) Others	12.89	22.45

V. PAYMENT TO NON RESIDENT SHAREHOLDERS

a) No. of non resident shareholders	–	One
b) No. of shares held by non residents	–	74,30,000
c) Dividend		
– relating to 31 <sup>st</sup> March 2009 - I interim	–	74.30
– relating to 31 <sup>st</sup> March 2008 - II interim	–	130.03

VI. EARNINGS IN FOREIGN EXCHANGE

a) Export (on FOB basis)	16186.14	18339.32
b) Freight and insurance recovery	1086.22	1410.64
c) Interest on deposits	–	1.38
d) US tax Refund	0.02	–

Schedules (continued)

XXI. NOTES ON ACCOUNTS (continued)

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

(Rupees in lakhs)

Product	Quantity in	Year ended 31.03.2010				Year ended 31.03.2009									
		Opening Stock		Production/ Purchases meant for sale	Sales		Opening Stock		Production	Sales					
		Qty.	Value		Qty.	Value	Qty.	Value		Qty.	Value				
<b>(A) Manufactured Items</b>															
a) Non-ferrous gravity and pressure die castings	MT	2279.75	5,834.91	19,192.32	19,499.47	46,784.52	1,972.60	4,902.73	2590	5,436.13	17,323.21	17,633.46	45,124.96	2,279.75	5,834.91
b) Others						2,011.67							3,036.88		
<b>(B) Traded Items</b>															
a) Printers	Nos	118	23.02	3,028	2,711	465.73	435	70.27	1,603	193.80	3,236	4,721	626.59	118	23.02
b) Keyboards	Nos	2,140	3.52	-	2,140	5.61	-	-	1,054	1.09	225,114	224,028	448.56	2,140	3.52
			26.54			471.34		70.27		194.89			1,075.15		26.54
						49,267.53							49,236.99		

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  
Firm Regn. No. 004207S

V N VENKATANATHAN  
Executive Vice-President (Finance)

R RAJA PRAKASH  
Secretary

M BALASUBRAMANIAM  
Partner  
Membership No. F7945

Chennai  
August 13, 2010





Cash Flow Statement for the year ended 31<sup>st</sup> March 2010

	Year ended 31.03.2010	Year ended 31.03.2009
		(Rupees in lakhs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax and extraordinary items	1,366.83	695.84
Adjustments for:		
Depreciation	3,755.89	3,105.06
Dividend received	(1,393.75)	(772.50)
Exchange (gain)/loss - Foreign Currency Monetary item translation difference account	(57.13)	36.48
Misc expenditure written off - exceptional items	701.84	-
Profit on sale of investments (net)	(7.94)	(24.14)
Profit on sale of fixed assets	(143.32)	(5.50)
Loss on sale/scrap of fixed assets	37.06	6.35
Interest income	(134.50)	(417.60)
Interest expense	2,186.85	2,624.77
	<u>4,945.00</u>	<u>4,552.92</u>
<b>Operating profit before working capital changes</b>	<b>6,311.83</b>	<b>5,248.76</b>
Adjustments for:		
Inventories	599.47	(770.71)
Sundry debtors	1,386.78	(176.49)
Other current assets	7.42	(8.50)
Loans and advances	1,507.06	1,964.43
Current liabilities	538.17	(1,453.94)
Provisions	414.97	44.70
	<u>4,453.87</u>	<u>(400.51)</u>
	<b>10,765.70</b>	<b>4,848.25</b>
Direct taxes paid	(291.66)	(585.38)
<b>Net cash from operating activities (A)</b>	<b>10,474.04</b>	<b>4,262.87</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to fixed assets including capital work in progress	(6,141.91)	(8,656.36)
Deletion to fixed assets (net of depreciation)	1,016.64	82.85
Profit on sale of fixed assets	143.32	5.50
Loss on sale/scrap of fixed assets	(37.06)	(6.35)
Redemption of investments	1,119.86	3,875.76
Purchase of investments	(1,735.16)	(3,662.28)
Profit on sale of investments (net)	7.94	24.14
Interest received	134.50	417.60
Dividend received	1,393.75	772.50
Miscellaneous expenditure not written off	-	(449.50)
<b>Net Cash used in investing activities (B)</b>	<b>(4,098.12)</b>	<b>(7,596.14)</b>

Cash Flow Statement for the year ended 31<sup>st</sup> March 2010 (continued)

		Year ended 31.03.2010	Year ended 31.03.2009
(Rupees in lakhs)			
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long term borrowings:			
Secured loans availed/(repaid)		(1,078.99)	9,449.87
Unsecured loans repaid		(4,658.28)	(433.33)
Interest paid		(2,186.85)	(2,624.77)
Dividend paid		(379.36)	(521.66)
Miscellaneous expenditure not written off - Upfront fees on loans		(26.04)	-
<b>Net cash from financing activities</b>	<b>( C )</b>	<b><u>(8,329.52)</u></b>	<b><u>5,870.11</u></b>
<b>D NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(A+B+C)</b>	<b>(1,953.59)</b>	<b>2,536.84</b>
Opening cash and cash equivalents (01-04-2009)			
Cash and bank balances		242.90	837.37
Cash credit utilisation		<u>(4,634.04)</u>	<u>(7,765.35)</u>
		<b>(4,391.14)</b>	<b>(6,927.98)</b>
Closing cash and cash equivalents (31-03-2010)			
Cash and bank balances		207.07	242.90
Cash credit utilisation		<u>(6,551.80)</u>	<u>(4,634.04)</u>
		<b>(6,344.73)</b>	<b>(4,391.14)</b>

## 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.

VENU SRINIVASAN  
Managing Director

GOPAL SRINIVASAN  
Director

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

Chennai  
August 13, 2010

V N VENKATANATHAN  
Executive Vice-President (Finance)

R RAJA PRAKASH  
Secretary

M BALASUBRAMANIAM  
Partner  
Membership No. F7945



## 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
1. Financial year of the Subsidiaries ended on	31.03.2010	31.03.2010	31.03.2010
2. Shares of the subsidiaries held by the company as on 31 <sup>st</sup> March 2010			
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
b) Extent of holding	100%	100%	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
a) for the financial year of the subsidiary	827.87	1,717.81	484.00
b) for the previous financial years since they became subsidiaries	3,460.51	(677.64)	7,243.80
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
a) for the financial year of the subsidiary	1,075.00	-	294.00
b) for the previous financial years since they became subsidiaries	7,480.00	165.00	1,514.00
5. Change of interest of the company in the subsidiaries between the end of the financial year of the subsidiary and the financial year of the company	Not applicable as the subsidiaries close the accounts on 31 <sup>st</sup> March		
6. Material changes between the end of the financial year of the subsidiary and the end of financial year of the company in respect of subsidiaries	Not applicable as the subsidiaries close the accounts on 31 <sup>st</sup> March		
i) Fixed assets			
ii) Investments			
iii) Money lent			
iv) Borrowings other than for meeting current liabilities			

- Notes : 1. TVS Electronics Limited (TVSE), Chennai is a subsidiary of TVS Investments Limited (TVSI), Chennai, which is a wholly owned 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 subsidiary of TVSI, Chennai. Hence, they are subsidiaries of SCL.
3. Sravana Properties Limited, Chennai, TVS-E Access India Limited, Chennai and TVS-E Servicetec Limited, Chennai are 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. TVS Capital Funds Limited, Chennai is a subsidiary of TVSI and hence it is a subsidiary of SCL u/s 4(1)(c) of the Act.
6. Sundaram Auto Components Limited (SACL), Chennai and TVS Energy Limited, Chennai are wholly-owned subsidiaries of TVSM, and hence they are subsidiaries of SCL, u/s 4(1)(c) of the Act.
7. TVS Motor (Singapore) Pte Limited, Singapore, TVS Motor Company (Europe) BV, Amsterdam, are wholly owned subsidiaries of TVSM and PT. TVS Motor Company Indonesia, Jakarta, is a subsidiary of TVSM and hence they are subsidiaries of SCL, Chennai u/ u/s 4(1)(c) of the Act.

VENU SRINIVASAN  
*Managing Director*

GOPAL SRINIVASAN  
*Director*

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

Chennai  
August 13, 2010

R RAJA PRAKASH  
*Secretary*

## Balance Sheet abstract and company's general business profile

### I Registration details:

Registration no.  of  State code

CIN No.:

Balance sheet date     
Date Month Year

### II Capital raised during the year (Amount in Rs. thousands)

Public issue

Bonus issue

Rights issue

Private placement

### III Position of mobilisation and deployment of funds (Amount in Rs. thousands)

Total liabilities

Total assets

**Sources of funds**

Paid up capital

Reserves & surplus

Secured loans

Unsecured loans

Deferred tax liability

**Application of funds**

Net fixed assets

Capital work-in-progress

Investments

Net current assets

Misc. expenditure

### IV Performance of the company (Amount in Rs. thousands)

Turnover

Total expenditure

Profit before tax

Profit after tax

Earnings per share (Rs)

Dividend rate (%)

### V Generic names of three principal products / services of company (as per monetary terms (ITC Code))

Product description

Item code no. (ITC Code)



**Consolidated Accounts  
of  
*Sundaram-Clayton Limited*  
and its Subsidiaries**

**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 31<sup>st</sup> March 2010 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 Capital Funds Limited, Chennai, Tumkur Property Holdings Limited, Chennai and Prime Property Holdings Limited, Chennai, for the year ended 31<sup>st</sup> March 2010. 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 and TVS Finance & Services Limited, Chennai, associates of the Company and the subsidiary companies of M/s. Sundaram-Clayton Limited, referred to in Notes on Accounts Item No. 1 D.

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 31<sup>st</sup> March 2010 and of the results of their operations and their cash flows for the year ended in conformity with generally accepted accounting principles in India.

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

M. BALASUBRAMANIAM  
Partner  
Membership No. F7945

Place : Chennai  
Date : 13<sup>th</sup> August 2010



## Sundaram-Clayton Limited

### Consolidated Balance Sheet as at 31<sup>st</sup> March 2010

(Rupees in lakhs)

	Schedule number		As at 31.03.2010		As at 31.03.2009
<b>I. SOURCES OF FUNDS</b>					
<b>1. Shareholders' funds</b>					
Capital	I	1,896.76		948.38	
Reserves and surplus	II	51,589.51		42,258.64	
			<b>53,486.27</b>		43,207.02
<b>2. Minority interest</b>	III		<b>30,229.62</b>		32,329.31
<b>3. Loans</b>					
Secured loans	IV	127,800.18		136,900.85	
Unsecured loans	V	25,842.16		56,051.74	
			<b>153,642.34</b>		192,952.59
<b>4. Deferred Taxation (net of deferred tax assets)</b>	VI		7,419.81		11,064.83
<b>5. Foreign Currency Monetary Item     Translation difference account</b>			<b>1,351.13</b>		-
			<b>246,129.17</b>		<b>279,553.75</b>
<b>II. APPLICATION OF FUNDS</b>					
<b>1. Fixed Assets</b>	VII				
Gross block		277,947.20		287,510.85	
Less: Depreciation		130,199.27		115,020.61	
Net block			147,747.93		172,490.24
Capital work-in-progress			4,109.12		8,329.18
<b>2. Investments</b>	VIII		44,530.86		21,039.12
<b>3. Foreign Currency Monetary Item     Translation difference account</b>			-		1,095.97
<b>4. Current assets, loans and advances</b>					
Inventories	IX	47,632.58		50,812.84	
Stock on Hire		-		4.31	
Sundry debtors	X	34,256.98		13,871.62	
Cash & bank balances	XI	15,818.67		8,324.91	
Other current assets	XII	235.07		41.51	
Loans & advances	XIII	41,894.30		79,129.52	
	(a)	<b>139,837.60</b>		<b>152,184.71</b>	
<b>Less: Current liabilities and provisions</b>					
Current liabilities	XIV	84,648.51		74,841.07	
Provisions	XV	8,955.38		10,138.70	
	(b)	<b>93,603.89</b>		<b>84,979.77</b>	
<b>Net current assets</b>	(a)-(b)		<b>46,233.71</b>		67,204.94
<b>5. Miscellaneous expenditure (to the extent     not written off or adjusted)</b>	XVI		<b>3,507.55</b>		9,394.30
			<b>246,129.17</b>		<b>279,553.75</b>

VENU SRINIVASAN  
Managing Director

GOPAL SRINIVASAN  
Director

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

Chennai  
August 13, 2010

V N VENKATANATHAN  
Executive Vice-President (Finance)

R RAJA PRAKASH  
Secretary

M BALASUBRAMANIAM  
Partner  
Membership No. F7945

Consolidated Profit & Loss Account for the year ended 31<sup>st</sup> March 2010

	Schedule number	Year ended 31.03.2010	(Rupees in lakhs) Year ended 31.03.2009
Sales (Gross)		546,757.05	470,999.95
Less: Excise duty		30,566.09	34,858.42
Sales (Net)		516,190.96	436,141.53
Income from finance operations		1,409.18	3,147.07
Other Income	XVII	21,879.35	11,715.58
Foreign Currency Monetary item translation difference account		1,351.13	-
Income from extraordinary items		-	(10.49)
Total	(c)	540,830.62	450,993.69
Materials consumed	XVIII	346,432.16	305,260.97
Cost of traded items	XIX	3,864.26	4,274.18
Salaries & wages, stores consumed and other expenses	XX	162,469.74	120,989.59
Interest (net)	XXI	14,793.94	15,128.94
Foreign Currency Monetary item translation difference account		-	601.48
Depreciation (vide note in FA schedule)		18,202.58	17,375.36
Provision as per sec 45 IC of Reserve Bank of India Act, 1934		-	4,422.22
Total	(d)	545,762.68	468,052.74
Profit/(Loss) for the year before tax	(c) - (d)	(4,932.06)	(17,059.05)
Provision for - Income tax		3,137.43	441.97
- Fringe benefit tax		-	436.65
- Deferred tax		(3,533.89)	(3,413.85)
- MAT credit entitlement		-	(11.58)
Profit/(Loss) for the year after tax		(4,535.60)	(14,512.24)
Pro-rata share of (loss) / profit from associates		6.77	9.78
Profit/(Loss) for the year after share of profit from associates		(4,528.83)	(14,502.46)
Relating to parent company		(2,351.57)	(11,775.44)
Relating to minority shareholders		(2,177.25)	(2,727.02)
Tax relating to earlier years		49.26	(136.22)
Dividend tax set off		-	56.41
Income/(expense) relating to earlier years		79.66	(2.68)
Profit after tax and expense relating to earlier years		(4,399.91)	(14,584.95)
Balance brought forward from previous year	(32,042.33)		(15,403.03)
Less: Transfer on cessation of subsidiary (vide note)	19,541.81	(12,500.52)	-
Balance brought forward from the current year		(4,399.91)	(14,584.95)
Total		(16,900.43)	(29,987.98)
Interim dividend paid		898.29	189.73
Interim dividend payable		474.19	-
Proposed dividend		-	189.68
Tax on dividend including surcharge		683.48	367.96
Transfer to statutory reserve under sec 45 IC of the Reserve Bank of India Act, 1934		380.57	162.47
Transfer to general reserve		5,817.85	1,144.51
Balance carried to balance sheet - Parent company	(18,008.87)		(25,790.93)
- Minority interest	(7,145.94)	(25,154.81)	(6,251.40)
Total		(16,900.43)	(29,987.98)
Notes on accounts	XXII		
Nominal value of equity shares (Rs)		5.00	5.00
Basic earnings per share in rupees on 3,79,35,168 shares (Last year 1,89,67,584 shares)		(6.20)	(31.04)
Diluted earnings per share in rupees		(6.20)	(31.04)

VENU SRINIVASAN  
Managing Director

GOPAL SRINIVASAN  
Director

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

Chennai  
August 13, 2010

V N VENKATANATHAN  
Executive Vice-President (Finance)

R RAJA PRAKASH  
Secretary

M BALASUBRAMANIAM  
Partner  
Membership No. F7945





Consolidated Schedules

(Rupees in lakhs)

	As at 31.03.2010	As at 31.03.2009
<b>I. SHARE CAPITAL – Parent Company</b>		
<b>Authorised</b>		
4,00,00,000 Equity Shares of Rs.5/- each (last year - 2,00,00,000 Equity Shares of Rs 5/- each)	<u>2,000.00</u>	<u>1,000.00</u>
<b>Issued, subscribed and paid-up</b>		
3,79,35,168 Equity Shares of Rs 5/- each fully paid (last year - 1,89,67,584 Equity Shares of Rs 5/- each fully paid)	<u>1,896.76</u>	<u>948.38</u>
<b>Of the above</b>		
i) 94,460 equity shares of Rs.10/- each have been allotted for consideration other than cash against supply of machinery		
ii) 1,70,09,529 equity shares of Rs.10/- each have been allotted as bonus shares by capitalisation of general reserve to the extent of Rs.15,87,14,740/- and capitalisation of share premium of Rs.1,13,80,550/-		
iii) 1,89,67,584 equity shares of Rs.5/- each have been allotted as bonus equity shares by capitalisation of general reserve to the extent of Rs.9,48,37,920/- during the year		
<b>II. RESERVES AND SURPLUS</b>		
Capital reserve - Parent company	3,397.00	3,397.00
- On amalgamation	401.60	401.60
- On consolidation	6,432.18	8,509.44
- Others	104.23	104.23
Less: Goodwill	<u>(937.39)</u>	<u>9,397.62</u>
Share premium	159.62	(3534.50)
Investment subsidy	6.67	8,877.77
Statutory reserve u/s 45 IC of Reserve Bank of India Act, 1934	2,451.18	149.29
Foreign currency translation reserve	(1,323.64)	6.67
Investment allowance reserve	16.40	2,173.59
General reserve	58,886.76	(105.62)
Less: Debit balance in profit & loss a/c	<u>(18,008.87)</u>	16.40
Employee stock option	3.77	56,925.70
Total	<u>51,589.51</u>	<u>31,134.77</u>
<b>III. MINORITY INTEREST</b>		
Share capital	1,783.10	2,189.83
Reserves on consolidation	35,592.46	36,390.88
Debit balance in Profit & Loss account	<u>(7,145.94)</u>	<u>30,229.62</u>
	<u>30,229.62</u>	<u>(6,251.40)</u>
		32,329.31
<b>IV. SECURED LOANS</b>		
External commercial borrowings	28,156.40	51,463.08
Term loans from banks and financial institutions	68,503.76	28,714.59
Redeemable and Non-convertible Bonds & Debentures	-	8,602.18
Cash credit from banks	31,140.02	48,121.00
(The description of securities are furnished in the annual reports of the respective Companies.)	<u>127,800.18</u>	<u>136,900.85</u>

## Consolidated Schedules

(Rupees in lakhs)

	As at 31.03.2010	As at 31.03.2009
<b>V. UNSECURED LOANS</b>		
<b>Long term</b>		
From banks	–	2,386.00
From others	7,241.21	2,840.18
<b>Short term</b>		
From banks	8,331.46	29,419.50
Other deposits / loans	10,269.49	21,406.06
	<u>25,842.16</u>	<u>56,051.74</u>
<b>VI. DEFERRED TAXATION (NET)</b>		
<b>Deferred tax liabilities</b>		
Tax on depreciation	15,138.42	15,287.28
Tax on amortisation	5,920.69	6,392.60
	(a) 21,059.11	21,679.88
<b>Less: Deferred tax assets</b>		
On employees' related schemes	819.67	681.58
On other timing differences	12,819.63	9,933.47
	(b) 13,639.30	10,615.05
Net deferred tax liability	(a-b) 7,419.81	11,064.83

## 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	
									31.03.2010	31.03.2009
<b>Cost of Assets</b>										
As on 01-04-2009	25,169.28	2,194.37	35,778.79	210,681.03	800.00	10,492.31	1,256.92	1,138.15	287,510.85	264,789.83
Additions	110.66	378.92	3,316.40	11,867.10	–	971.43	481.35	307.94	17,433.80 #	25,625.66
Less: Sales/Transfer/discarded	19,978.02	386.77	1,054.38	3,581.76	–	1,851.12	143.88	1.52	26,997.45	2,904.64
<b>Total</b>	5,301.92	2,186.52	38,040.81	218,966.37	800.00	9,612.62	1,594.39	1,444.57	277,947.20	287,510.85
<b>Depreciation/Amortisation</b>										
Upto 31-03-2009	–	32.44	6,662.46	98,852.74	487.67	7,164.98	804.63	1,015.69	115,020.61	99,511.59
For the year	–	21.00	1,244.46	15,664.46	76.00	859.92	164.25	172.49	18,202.58	17,154.53*
Deductions on sales/transfer/discarded	–	–	55.79	1,211.47	–	1,639.39	115.75	1.52	3,023.92	1,645.51
<b>Total</b>	–	53.44	7,851.13	113,305.73	563.67	6,385.51	853.13	1,186.66	130,199.27	115,020.61
<b>Written down value</b>										
As at 31-03-2010	5,301.92	2,133.08	30,189.68	105,660.64	236.33	3,227.11	741.26	257.91	147,747.93	–
As at 31-03-2009	25,169.28	2,161.93	29,116.33	111,828.29	312.33	3,327.33	452.29	122.46	–	172,490.24

\* For the year ended 31.03.2009, 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

# Includes gain (net of losses) arising on account of restatement of external commercial borrowings attributable to acquisition of fixed assets

## CAPITAL WORK-IN-PROGRESS (At cost)

	As at 31.03.2010	As at 31.03.2009
Building under construction	375.70	2,216.07
Machinery in transit/installation	3,702.20	5,988.80
Others	31.22	124.31
<b>Total</b>	<u>4,109.12</u>	<u>8,329.18</u>



Consolidated Schedules (continued)

(Rupees in lakhs)

	As at 31.03.2010	As at 31.03.2009
<b>VIII. INVESTMENTS - (AT COST)</b>		
<b>QUOTED INVESTMENTS</b>		
Trade	106.67	171.83
Non-trade	33,748.18	10,466.44
	(a) <u>33,854.85</u>	<u>10,638.27</u>
<b>UNQUOTED INVESTMENTS</b>		
Trade	9,025.11	8,745.80
Add: Pro-rata equity interest in associates (net)	54.34	45.46
Non-trade	1,596.56	1,609.59
	(b) <u>10,676.01</u>	<u>10,400.85</u>
<b>Total investments</b>	(a+b) <u>44,530.86</u>	<u>21,039.12</u>
<b>Short term investments</b>	32,816.40	10,464.74
<b>Long term investments</b>	11,714.46	10,574.38
	<u>44,530.86</u>	<u>21,039.12</u>
<b>Aggregate market value of quoted investments</b>	35,784.92	9,419.49
<b>IX. INVENTORIES</b>		
Raw materials and components *	15,482.46	17,961.21
Work-in-process *	4,537.95	3,480.94
Finished goods *	14,831.63	16,266.68
Stores *	9,673.65	10,297.69
Goods-in-transit at cost	2,393.85	2,222.38
Other inventory	-	0.48
Traded items at cost	713.04	583.46
	<u>47,632.58</u>	<u>50,812.84</u>
* At lower of weighted average cost or net realisable value, as prescribed in Accounting Standard 2 issued by The Institute of Chartered Accountants of India.		
<b>X. SUNDRY DEBTORS-UNSECURED</b>		
Debts outstanding for a period exceeding six months		
- Considered good	2,092.32	3,562.44
- Considered doubtful	1,289.75	534.19
Total	3,382.07	4,096.63
Other debts	32,164.66	10,309.18
	<u>35,546.73</u>	<u>14,405.81</u>
Less: Provision for bad and doubtful debts	1,289.75	534.19
	<u>34,256.98</u>	<u>13,871.62</u>
<b>XI. CASH AND BANK BALANCES</b>		
Cash, cheques and stamps on hand	974.41	501.00
<b>With scheduled banks</b>		
Current accounts	4,381.15	5,603.02
Term deposit account	6,729.60	379.38
Cash credit account	2,165.20	58.54
Escrow Account	0.28	0.31
<b>With others</b>		
Balance with Non-Scheduled Banks	1,568.03	1,782.66
	<u>15,818.67</u>	<u>8,324.91</u>

## Consolidated Schedules (continued)

	As at / Year ended 31.03.2010	(Rupees in lakhs) As at / Year ended 31.03.2009
<b>XII. OTHER CURRENT ASSETS</b>		
Interest accrued on investments and deposits	235.07	41.51
	<u>235.07</u>	<u>41.51</u>
<b>XIII. LOANS AND ADVANCES</b>		
<b>Secured, considered good</b>	–	10,685.83
<b>Unsecured, considered good</b>		
Inter corporate advances	25,038.29	20,835.28
Tax deducted at source and advance tax - net of provisions	967.01	3,512.82
Advances recoverable in cash or in kind or for value to be received	12,012.24	40,311.58
Deposits	3,876.76	3,784.01
	<u>41,894.30</u>	<u>79,129.52</u>
<b>XIV. CURRENT LIABILITIES</b>		
Sundry creditors	80,824.94	65,913.70
Unexpired service contracts	18.57	69.75
Other liabilities	3,805.00	8,857.62
	<u>84,648.51</u>	<u>74,841.07</u>
<b>XV. PROVISIONS</b>		
Interim dividend payable	474.19	–
Proposed final dividend	–	189.68
Dividend tax	217.78	283.00
Pension	5,458.74	4,539.17
Leave salary	787.94	655.00
Warranty	1,610.16	1,131.02
Employee benefit scheme	41.42	84.36
Provision as per sec 45 IC of Reserve Bank of India Act, 1934	–	2,800.46
Diminution in value of investments	10.50	22.00
Others	354.65	434.01
	<u>8,955.38</u>	<u>10,138.70</u>
<b>XVI. MISCELLANEOUS EXPENDITURE</b>		
(to the extent not written off or adjusted)		
New product launch expenses	3,381.00	7,896.00
Upfront fee on long term loans	108.97	277.93
Voluntary Retirement Scheme expenses	–	515.00
Other expenses	17.58	705.37
	<u>3,507.55</u>	<u>9,394.30</u>
<b>XVII. OTHER INCOME</b>		
Sale of scrap & empties	1,263.44	847.57
Lease rent	24.42	23.68
Management services	1,709.38	1,796.73
Profit on sale of assets	11,080.69	3,198.81
Dividend	68.72	167.35
Profit on sale of investments	735.32	175.05
Miscellaneous income	6,979.76	5,505.71
Write back of provision for diminution in value of investments	11.50	–
Rent receipts	6.12	0.68
	<u>21,879.35</u>	<u>11,715.58</u>



Consolidated Schedules (continued)

	Year ended 31.03.2010	Year ended 31.03.2009
(Rupees in lakhs)		
<b>XVIII. MATERIALS CONSUMED</b>		
Opening stock :		
Raw materials	17,961.21	14,792.12
Work-in-process	3,480.94	3,620.38
Finished goods	<u>16,266.68</u>	<u>20,774.14</u>
	<b>37,708.83</b>	<b>39,186.64</b>
Add : Purchases	<b>343,575.37</b>	303,783.16
Total (a)	<u><b>381,284.20</b></u>	<u>342,969.80</u>
Less : Closing stock :		
Raw materials	15,482.46	17,961.21
Work-in-process	4,537.95	3,480.94
Finished goods	<u>14,831.63</u>	<u>16,266.68</u>
Total (b)	<u><b>34,852.04</b></u>	<u>37,708.83</u>
Net (a)-(b)	<u><b>346,432.16</b></u>	<u>305,260.97</u>
<b>XIX. COST OF TRADED ITEMS</b>		
Opening stock :	583.46	682.64
Add : Purchases	<u>3,993.84</u>	<u>4,175.00</u>
Total	<u>4,577.30</u>	<u>4,857.64</u>
Less : Closing stock	<u>713.04</u>	<u>583.46</u>
Net	<u><b>3,864.26</b></u>	<u>4,274.18</u>
<b>XX. SALARIES &amp; WAGES, STORES CONSUMED AND OTHER EXPENSES</b>		
Salaries, wages and bonus	33,506.01	28,318.02
Contribution to provident and other funds	2,856.48	2,205.07
Workmen and staff welfare expenses	3,671.14	3,558.13
Stores and tools consumed	8,696.92	7,392.11
Power and fuel	9,436.85	8,207.89
Rent	1,850.19	1,593.81
Rates and taxes	796.51	426.58
Repairs and maintenance		
Building	1,354.39	1,236.29
Machinery	5,749.59	4,208.44
Other assets	993.82	949.45
Insurance	438.88	388.86
Directors' sitting fees	17.23	24.37
Commission to independent directors	14.00	17.00
Audit fees (including service tax)	100.99	84.30
Packing and forwarding	16,137.06	14,265.40
Advertisement and publicity	19,444.00	11,989.93
Marketing expenses	17,807.00	14,056.00
Sales commission	4,845.00	1,210.00
Cash discount	17.76	11.48
Loss on sale of fixed assets	85.01	67.28
Other expenses	32,630.41	20,584.18
Provision for bad and doubtful debts	1,825.50	-
Miscellaneous expenditure written off	195.00	195.00
	<u><b>162,469.74</b></u>	<u>120,989.59</u>

Consolidated Schedules (continued)

		Year ended 31.03.2010	(Rupees in lakhs) Year ended 31.03.2009
<b>XXI. INTEREST</b>			
a) On fixed loans		10,632.68	9,797.33
b) Others		<u>5,913.04</u>	<u>7,498.25</u>
	<b>Total (A)</b>	<u>16,545.72</u>	<u>17,295.58</u>
Less : Interest income			
a) On non-trade investments (gross)		0.17	28.78
b) On advances and deposits (gross)		<u>1,751.61</u>	<u>2,137.86</u>
	<b>Total (B)</b>	<u>1,751.78</u>	<u>2,166.64</u>
	<b>(A) - (B)</b>	<u>14,793.94</u>	<u>15,128.94</u>

**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 associates, are prepared under the historical cost convention and comply with the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

**B Principles of consolidation**

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

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

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

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

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

The accretion to value of assets (net of liability) on cessation of subsidiary status of TVS Finance and Services Limited, Chennai is routed through the profit and loss account.

**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 companies considered in the consolidated accounts are:**

Name of the company	Country of incorporation	Shareholding as on as on	Extent of holding (%)	
			Direct	Indirect
<b>A. Subsidiaries:</b>				
Anusha Investments Ltd, Chennai	India	31-03-2010	100.00	-
TVS Investments Ltd, Chennai	India	31-03-2010	100.00	-
TVS Motor Company Ltd, Chennai	India	31-03-2010	8.84	48.56
Sundaram Auto Components Ltd, Chennai	India	31-03-2010	-	57.40
TVS Energy Ltd, Chennai	India	31-03-2010	-	57.40
TVS Motor (Singapore) Pte Ltd, Singapore	Singapore	31-03-2010	-	57.40
TVS Motor Company (Europe) B.V., Amsterdam	Netherlands	31-03-2010	-	57.40
PT. TVS Motor Company Indonesia, Jakarta	Indonesia	31-03-2010	-	57.40
TVS Electronics Ltd, Chennai	India	31-03-2010	-	59.72
TVS-E Access India Ltd, Chennai	India	31-03-2010	-	90.91
TVS Capital Funds Ltd, Chennai	India	31-03-2010	-	100.00
TVS-E Servicetec Ltd, Chennai	India	31-03-2010	-	100.00
Sravanaa Properties Ltd, Chennai	India	31-03-2010	-	100.00
Tumkur Property Holdings Ltd, Chennai	India	31-03-2010	-	59.72
Prime Property Holdings Ltd, Chennai	India	31-03-2010	-	59.72
<b>B. Associates:</b>				
TVS Finance and Services Ltd, Chennai*	India	31-03-2010	-	35.96
Sundram Non-Conventional Energy Systems Limited, Chennai	India	31-03-2010	-	23.53

\* TVS Finance and Services Limited, Chennai (TVS F&S) was a subsidiary till last year. Consequent to dilution of shareholding in TVS F&S, it has become an associate of the Company during the year.



CONSOLIDATED NOTES ON ACCOUNTS (continued)

	As at / Year ended 31.03.2010	(Rupees in lakhs) As at / Year ended 31.03.2009
<b>XXII. NOTES ON ACCOUNTS (continued)</b>		
<b>1. Consolidation of accounts (continued)</b>		
<b>E. Other Significant Accounting Policies</b>		
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.		
<b>2. Sundry creditors include</b>		
a) Amount liable to be transferred to Investor Education and Protection fund:		
- Unpaid dividend	139.54	141.28
- Unclaimed deposits & Interest	-	1.79
b) Due to directors	0.55	12.32
c) Amount due to Small Scale Industrial units	3,061.43	3,085.06
d) Amount due to other industrial units	52,465.36	42,854.20
<b>3 Bank balance - a) in unpaid dividend account</b>	<b>139.54</b>	<b>141.28</b>
- b) Balance lying with non - scheduled banks		
(i) HSBC Private Bank (Suisse) SA, Singapore		
- in 24 hrs. call deposit account	4.00	5.00
(ii) Bank of America, Chicago, USA		
- In Current Account	9.42	7.34
(iii) The Hongkong and Shanghai Banking Corpn. Ltd, Hongkong		
- in deposit account	-	13.00
(iv) Industrial and Commercial Bank of China, China		
- in current account	11.03	1.66
- in deposit account	-	3.00
- c) Maximum balance lying with non-scheduled banks at any time during the year		
i) HSBC Private Bank (Suisse) SA, Singapore	6.00	5.00
ii) The Hongkong and Shanghai Banking Corpn. Ltd, Hongkong	13.00	13.00
iii) Industrial and Commercial Bank of China, China	30.08	32.00
iv) Bank of America, Chicago, USA	119.57	31.82
<b>4 Loans and advances include:</b>		
(a) Deposit with central excise	21.67	70.44
(b) Due from officer of the companies	-	21.82
(c) Deposits with sales tax	260.94	221.14
(d) Deposit with post office	2.62	32.27
(e) Maximum amount due from an officer of the company at any time during the year	-	31.54
(f) Deposit with ECS Monitoring agencies	-	9.10
(g) Deposit with entry tax	48.11	-

## CONSOLIDATED NOTES ON ACCOUNTS (continued)

	As at / Year ended 31.03.2010	(Rupees in lakhs) As at / Year ended 31.03.2009
<b>5 Contingent liability not provided for</b>		
(a) On counter guarantees given to bankers	868.51	574.33
(b) On letters of credit opened with bankers	13,194.44	5,381.71
(c) On partly paid shares	0.04	0.04
(d) Estimated amount of contracts remaining to be executed on capital account	1,799.77	1,359.70
(e) On guarantees furnished on behalf of employees	126.15	126.31
(f) On account of future export obligations (under Export Promotion Capital Goods Scheme)	3,998.20	8,936.31
(g) On bills discounted	1,752.62	7,761.52
(h) Recourse obligations in respect of securitised/assigned contracts	–	1,945.98
(i) Capital commitment	9,430.50	3,850.00
(j) Others	235.45	3.48
<b>6 Tax deducted at source on</b>		
a) Interest receipts	338.11	426.41
b) Service Charges	247.84	316.46
c) Rent	0.93	1.30
d) Contract income	56.71	52.20
e) Other income	89.91	27.22
<b>7 Repairs include</b>		
a) Stores consumed	2,875.10	1,873.05
b) Wages	668.66	422.45
<b>8 Liability contested and not provided for</b>		
a) Excise duty	2,882.11	2,580.70
b) Income tax	5,925.81	5,955.43
c) Wealth tax	14.61	14.61
d) Sales tax	504.83	443.50
e) Service tax	1,795.14	1,658.03
f) Customs	163.53	285.53
g) Electricity Tax	63.00	71.84
h) Employee settlement claims	6.00	6.00
i) Land acquisition matters	–	25.00
j) Others	85.75	106.93
<b>9</b> Last year's figures have been regrouped wherever necessary to conform to this year's classification		





### CONSOLIDATED NOTES ON ACCOUNTS (continued)

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

Information about primary business segments

Particulars	Business segment												Total
	Automotive components		Motor Vehicles		Computer peripherals		Financial Services		Others		Total		
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	
External sales - domestic	95,248.00	60,114.78	345,553.00	285,578.42	23,624.84	18,973.04	7,870.22	14,015.08	572.66	3,648.46	472,868.72	382,329.78	
-exports	16,186.14	18,642.24	51,718.00	49,903.00	57.76	129.16	-	-	-	-	67,961.90	68,674.40	
Inter segment sales	19,911.16	19,260.78	59,737.99	36,711.58	277.99	-	2,153.43	1.72	474.34	968.32	82,554.91	56,942.40	
Total sales	131,345.30	98,017.80	457,008.99	372,193.00	23,960.59	19,102.20	10,023.65	14,016.80	1,047.00	4,616.78	623,385.53	507,946.58	
Less: Inter segment sales	19,911.16	19,260.78	59,737.99	36,711.58	277.99	-	2,153.43	1.72	474.34	968.32	82,554.91	56,942.40	
Net Revenue	111,434.14	78,757.02	397,271.00	335,481.42	23,682.60	19,102.20	7,870.22	14,015.08	572.66	3,648.46	540,830.62	451,004.18	
Segment results before interest and tax	3,745.05	2,662.65	3,488.00	(1,856.78)	(162.66)	(316.38)	897.42	(1,976.58)	542.94	68.97	8,510.75	(1,418.12)	
Add: Inter segment revenue											6.77	9.79	
Add: Investment allowance reserve/ Amortisation of foreign currency translation reserve											1,351.13	(512.00)	
Less: Interest											(14,793.94)	(15,128.94)	
Profit before tax											(4,925.29)	(17,049.27)	
Taxes											(396.46)	(2,546.81)	
Profit after tax											(4,528.83)	(14,502.46)	
Segment Assets	73,145.83	74,164.05	229,241.00	227,911.00	14,225.49	13,204.76	5,863.50	68,993.83	8,848.78	10,215.45	331,324.60	394,489.09	
Segment Liabilities	49,267.38	12,665.01	205,183.00	64,000.00	11,703.88	4,552.00	9,073.41	37,515.97	6,238.61	2,927.89	281,466.28	121,660.87	
Total cost incurred during the year to acquire segment assets	8,674.41	9,814.90	8,231.00	18,846.00	438.84	523.55	266.55	16,214.21	15.02	1,869.06	17,625.82	47,267.72	
Segment Depreciation	4,485.26	3,782.19	12,943.00	12,638.00	606.71	475.88	164.50	309.87	3.11	169.41	18,202.58	17,375.35	
Non-cash expenses other than depreciation	644.71	36.48	(1,099.00)	760.00	-	-	-	-	-	-	(454.29)	796.48	

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**
**11 (a) List of Related Parties:**

<b>Associate companies</b>	(i)	TVS Finance & Services Ltd, Chennai
	(ii)	Sundram Non-Conventional Energy Systems Ltd, Chennai
<b>Key management personnel</b>		
	Mr Venu Srinivasan	(i) <b>Managing director</b> , Sundaram-Clayton Ltd <b>Chairman and Managing director</b> , TVS Motor Company Ltd
	Dr Lakshmi Venu	(ii) <b>Director-Strategy</b> , Sundaram-Clayton Ltd
	Mr Gopal Srinivasan	(iii) <b>Chairman and Managing director</b> , TVS Capital Funds Ltd
Mr H Lakshmanan	(iv) <b>Whole-time director</b> , Anusha Investments Ltd	

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

**11 (b) Particulars of transactions with related parties during the year 2009-10**

(Rupees in lakhs)

Sl. No.	Nature of transactions	Name of the Company	Amount
1	Receiving of services	Sundram Non-Conventional Energy Systems Ltd, Chennai	<b>51.38</b>
			(46.26)
2	Rendering of services	TVS Finance & Services Ltd, Chennai	<b>4.38</b>
			-
3	Lease rent received	Sundram Non-Conventional Energy Systems Ltd, Chennai	<b>23.36</b>
			(23.68)
4	Receivables	TVS Finance & Services Ltd, Chennai	<b>1.08</b>
			-

Previous year's figures are furnished in brackets

 VENU SRINIVASAN  
*Managing Director*

 GOPAL SRINIVASAN  
*Director*

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

 Chennai  
 August 13, 2010

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

 R RAJA PRAKASH  
*Secretary*

 M BALASUBRAMANIAM  
*Partner*  
 Membership No. F7945



12. Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March 2010

		Year ended 31.03.2010	Year ended 31.03.2009
(Rupees in lakhs)			
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before tax and extraordinary items		(4,932.06)	(17,059.05)
Adjustments for :			
Depreciation & Lease equalisation charges (net)		18,202.58	17,375.36
Exchange loss/(gain ) - Foreign currency monetary item translation difference account		(1,351.13)	601.48
Misc expenditure written off during the year		896.84	195.00
Write back of provision for diminution in value of investments		(11.50)	(1,529.00)
Profit of associate included in consolidation		(6.77)	(9.78)
Profit on sale of fixed assets (net)		(10,995.68)	(3,131.53)
Profit on sale of investments (net)		(735.32)	(175.05)
Dividend received		(68.72)	(167.35)
Interest & Finance charges		16,545.72	17,295.58
Interest income		(1,751.78)	(2,166.64)
<b>Operating profit before working capital changes</b>	(a)	<u>15,792.18</u>	<u>11,229.02</u>
Adjustments for :			
Inventories		3,184.57	6,476.22
Sundry debtors		(20,385.36)	5,452.42
Other current assets		(193.56)	(4.38)
Loans & advances		34,689.41	(13,626.66)
Current liabilities		9,807.44	3,087.99
Provisions		(1,402.61)	1,602.25
Deferred revenue expenditure		5,886.75	(2,008.93)
Sub-total	(b)	<u>31,586.64</u>	<u>978.91</u>
Sub-total	(a) + (b) = ( c)	<u>47,378.82</u>	<u>12,207.93</u>
Direct taxes (paid) / refund		(462.70)	814.33
<b>Net cash from operating activities</b>	(d)	<u>46,916.12</u>	<u>13,022.26</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions to fixed assets		(17,705.44)	(18,266.45)
Deletion to fixed assets (net)		23,973.53	243.27
Profit / (Loss) on sale of fixed assets		10,995.68	(359.75)
Redemption / (Purchase) of Investments		(9,933.30)	(8,469.05)
Profit on sale of investments		735.32	175.05
Interest received		1,751.78	2,166.64
Interest paid & Finance Charges		(16,545.72)	(17,574.86)
Dividend received		68.72	167.35
<b>Net cash used in investing activities</b>	(e)	<u>(6,659.43)</u>	<u>(41,917.80)</u>

## Consolidated Cash Flow Statement (continued)

		Year ended 31.03.2010	Year ended 31.03.2009
(Rupees in lakhs)			
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase / (Decrease) in Unsecured loans		(30,209.58)	(8,338.80)
Increase in secured loans		16,264.30	6,954.56
Dividend paid (including dividend tax)		(1,836.67)	(936.65)
<b>Net cash from financing activities</b>	(f)	<u>(15,781.95)</u>	<u>(2,320.89)</u>
<b>D NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(d) + (e) + (f)	<b>24,474.74</b>	(31,216.43)
Opening cash and cash equivalents as at 1 <sup>st</sup> April 2009			
Cash and bank balances		8,324.91	9,207.49
Cash credit utilisation		<u>(48,121.00)</u>	<u>(17,787.15)</u>
		<b>(39,796.09)</b>	(8,579.66)
Closing cash and cash equivalents as at 31 <sup>st</sup> March 2010			
Cash and bank balances		15,818.67	8,324.91
Cash credit utilisation		<u>(31,140.02)</u>	<u>(48,121.00)</u>
		<b>(15,321.35)</b>	(39,796.09)

## 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  
Managing Director

GOPAL SRINIVASAN  
Director

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

Chennai  
August 13, 2010

V N VENKATANATHAN  
Executive Vice-President (Finance)

R RAJA PRAKASH  
Secretary

M BALASUBRAMANIAM  
Partner  
Membership No. F7945

**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.47/559/2010-CL-III DATED 11<sup>TH</sup> JUNE, 2010**

Particulars	Name of subsidiaries															
	TVS Motor Company Limited	Sundaram Auto Components Limited	TVS Energy Limited	TVS Electronics Limited	Anusha Investments Limited	TVS Investments Limited	TVS Motor Europe B.V.	TVS Motor (Singapore) Pte. Limited	PT. TVS Motor Company Indonesia	Sravanaa Properties Limited	TVS-E Access India Limited	TVS-E Servicelec Limited	Tumkur Property Holdings Limited	Prime Property Holdings Limited	TVS Capital Funds Limited	
Reporting currency	INR in Lakhs	INR in Lakhs	INR in Lakhs	INR in Lakhs	INR in Lakhs	INR in Lakhs	US Dollar in Millions	INR in Lakhs	Indonesian Rupiah in Millions	INR in Lakhs	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	3,750.00	1,767.28	500.00	2,718.83	20.70	9,163.00	633,100.00	28,776.00	5.00	1,200.00	5.00	5.00	5.00	488.64
(b) Reserves	84,155.00	3,612.58	-	2,175.91	3,840.95	2,780.96	(0.36)	(260.00)	(467,731.86)	(23,236.00)	(40.38)	(660.62)	(0.70)	310.00	11.73	
(c) Total assets	268,723.00	18,162.54	3,713.52	13,463.43	4,499.68	14,030.78	36.01	16,071.00	537,055.33	24,186.00	5,513.43	2,880.16	4.28	1,260.94	861.53	
(d) Total liabilities	268,723.00	18,162.54	3,713.52	13,463.43	4,499.68	14,030.78	36.01	16,071.00	537,055.33	24,186.00	5,513.43	2,880.16	4.28	1,260.94	861.53	
(e) Details of investment (*)	37,105.00	15.56	1,404.20	1,490.73	1,410.63	687.51	-	-	-	-	-	-	-	-	-	-
(f) Turnover including other income	448,468.00	77,919.81	4.20	19,446.87	2,062.70	6,387.04	-	-	166,228.66	8,117.00	3.00	4,513.72	-	-	1,195.57	
(g) Profit before taxation	7,617.00	1,239.67	(19.77)	(503.57)	1,962.68	2,075.85	(0.05)	(21.00)	(219,294.15)	(10,449.00)	(4.46)	(439.56)	(0.28)	567.44	(39.30)	
(h) Provision for taxation	1,184.00	240.00	-	17.59	59.81	358.04	-	-	5,588.94	276.00	-	-	-	235.00	17.02	
(i) Profit after taxation	8,801.00	999.67	(19.77)	(485.98)	1,902.87	1,717.81	(0.05)	(21.00)	(213,705.21)	(10,173.00)	(4.46)	(439.56)	(0.28)	332.44	(56.32)	
(j) Proposed dividend	11.88	259.00	-	-	125.00	-	-	-	-	-	-	-	-	-	-	-

Year ended 31.03.2010

(\*) except in case of investment in subsidiaries

1. In the consolidation, the accounts of subsidiaries have been re-stated in line with Indian GAAP and as required by the Accounting Standard 21 issued by The Institute of Chartered Accountants of India, wherever applicable.

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

Particulars	For Profit & Loss items at Closing exchange Rate	For Profit & Loss items at Daily Average Rate
US Dollar to INR	Rs. 44.90 / US \$	Rs. 47.74 / US \$
Indonesian Rupiah to INR	Re. 0.0049 / IDR	Re. 0.0048 / IDR
Singapore \$ to INR	Rs. 34.09 / Singapore \$	Rs. 33.45 / Singapore \$

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





# Sundaram-Clayton Limited

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

**ATTENDANCE SLIP**

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

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

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

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

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

I hereby register my presence at the annual general meeting.

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

Day : Wednesday

Date : 22<sup>nd</sup> September 2010

Time : 10.15 a.m.

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

\* Applicable for investors holding shares in electronic form.

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

## REQUEST TO MEMBERS

1. Members and their proxies / bodies corporate should bring the attendance slip duly filled in for attending the meeting.
2. Members are requested to avoid being accompanied by non-members and / or children.
3. Members are requested to bring their copies of annual report to the meeting as the Company is unable to provide another copy in view of the increased cost of paper.
4. Members are requested to be in their seats at the meeting hall before the scheduled time for commencement of the annual general meeting to avoid interruption in the proceedings.
5. Members who are holding shares in physical form are requested to intimate the Share Transfer Department of the Company changes, if any, in their registered address.
6. Members intending to appoint proxies are requested to complete the proxy form sent herewith and deposit the same with the Share Transfer Department, at least 48 hours before the time fixed for holding the meeting.
7. If members and / or their family members are receiving more than one copy of the annual report and other communications and would like to avoid duplication, kindly advise to enable us to mail only one copy. This will help us to avoid wastage.
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"  
No. 29 (Old 8) Haddows Road  
Chennai - 600 006

**PROXY FORM**

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

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a Member / Members of Sundaram-Clayton Limited hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my / \_\_\_\_\_ our proxy to attend and vote for me/us on my/our behalf at the

annual general meeting of the Company to be held on Wednesday, the 22<sup>nd</sup> September 2010 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

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

Revenue  
Stamp

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

\* Applicable for investors holding shares in electronic form.

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

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



