

Sundaram-Clayton Limited 

49th Annual Report 2011

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
SUDARSHAN VENU

Executive Director

H LAKSHMANAN

Group President & Chief Executive Officer - Automotive Products Division

C N PRASAD

President - Automotive Products Division

RAM NATARAJAN

President - Die Casting Division

P H NARAYANAN

Executive Vice President - Finance

V N VENKATANATHAN

Company 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
3rd Floor, Sigapi Achi Building
18/3, Rukmini Lakshmi pathi Road
Egmore, Chennai - 600 008.

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

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 3rd 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.rajaprakash@scl.co.in

Factories

Chennai

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

Mahindra World City
Plot No. AA8, Central Avenue
Auto Ancilliary 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 Company (Europe) B.V
TVS Motor (Singapore) Pte Limited
PT.TVS Motor Company Indonesia
Sundaram Auto Components Limited
TVS Housing Limited
TVS Energy Limited
TVS Wind Power Limited
TVS Wind Energy Limited
Sundaram Investment Limited
TVS Investments Limited
TVS-E Access India Limited
TVS-E Servicetec Limited
Sravanaa Properties Limited
TVS Capital Funds Limited
TVS Electronics 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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Profit and Loss Account										
Sales	246.8	299.1	417.4	536.3	629.3	816.2	426.9	492.4	492.7	764.9
Other income	18.3	24.2	28.4	32.5	45.3	48.6	34.5	36.3	46.3	64.5
Total income	265.1	323.3	445.8	568.8	674.6	864.8	461.4	528.7	539.0	829.4
Gross profit before interest, depreciation & tax	41.5	59.0	82.1	101.6	141.1	176.1	73.9	60.1	71.8	108.0
Depreciation	10.9	12.0	15.3	21.4	26.9	32.8	27.7	31.0	37.6	40.8
Profit before interest & tax	30.7	47.0	66.9	80.2	113.2	143.3	46.2	29.1	34.2	67.2
Interest	1.3	-1.3	0.5	3.8	7.9	15.2	10.8	22.1	20.5	21.9
Profit before taxation	29.4	48.3	65.4	76.3	105.3	128.1	35.4	7.0	13.7	45.3
Profit after taxation	21.9	36.1	46.0	53.4	74.9	91.6	23.9	6.3	12.4	37.3
Balance Sheet										
Net fixed assets	99.6	124.8	183.8	275.1	302.5	326.4	240.2	304.3	307.4	366.2
Investments	48.3	43.2	55.1	57.1	71.0	82.3	69.4	67.3	73.4	68.4
Net current assets	24.5	28.1	23.4	30.4	77.0	170.6	213.7	219.0	172.6	207.2
Total	172.5	196.2	262.2	362.6	450.5	579.3	523.3	590.6	553.4	641.8
Share capital	18.9	18.9	18.9	18.9	18.9	18.9	9.5#	9.5	18.9	18.9
Reserves & surplus	135.5	158.2	187.1	221.1	270.5	325.2	226.6	221.9	225.5	241.4
Net worth	154.4	177.1	206.0	240.0	289.4	344.1	236.1	231.4	244.5	260.3
Loan funds	9.6	8.9	44.8	109.2	146.1	215.8	267.4	339.3	288.7	360.5
Deferred taxation (net)	8.4	10.1	11.3	13.4	15.4	19.4	19.8	19.9	20.3	21.7
Total	172.4	196.1	262.1	362.6	450.9	579.3	523.3	590.6	553.5	642.5
Earning per share (Rs)	11.52	19.00	24.25	28.08	39.26	48.06	12.61	3.34	3.26	9.82
Dividend per share (Rs)	6.00	6.50	8.00	9.00	12.00	17.0	8.75	2.00	1.75	5.75
Book value per share (Rs)	81.41	93.40	108.63	126.53	152.57	181.41	127.48	122.00	64.44	68.42
Return on capital employed (ROCE) %	17.1	25.5	29.2	25.7	28.1	27.8	8.4	5.2	6.0	11.2
Return on net worth (RONW) %	14.2	21.7	24.0	23.9	28.3	28.9	8.2	2.7	5.2	14.8
Fixed assets turnover (no of times)	2.5	2.7	2.7	2.3	2.2	2.6	1.5	1.8	1.6	2.3
Working capital turnover (no of times)	7.0	11.4	16.2	20.0	11.7	6.6	2.2	2.3	2.5	4.0
Gross profit as % of sales (EBITDA)	16.8	19.7	19.7	18.9	22.4	21.6	17.3	12.2	14.6	14.1
Gross profit as % of total income	15.7	18.3	18.4	17.9	20.9	20.4	16.0	11.4	13.3	13.0
Net profit as % of total income	8.2	11.2	10.3	9.4	11.1	10.6	5.2	1.2	2.3	4.5

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

RONW is profit after tax divided by average networth.

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

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

During 2007-08, the face value of share has been reduced from Rs.10 to Rs.5 per share in view of demerger of brakes division of the Company.

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

Directors' report to the shareholders

The directors have pleasure in presenting the forty-ninth annual report and the audited accounts for the year ended 31st March 2011.

1. FINANCIAL HIGHLIGHTS

(Rupees in lakhs)

Details	Year ended 31.03.2011	Year ended 31.03.2010
Sales and other income	82,941.55	53,896.83
Gross profit before interest and depreciation	10,796.62	7,175.07
Less: Interest - Net	2,187.69	2,052.35
Depreciation	4,083.09	3,755.89
Profit before tax	4,525.84	1,366.83
Less: Provision for :		
Income tax	661.52	90.00
Deferred tax	138.48	41.28
Profit after tax	3,725.84	1,235.55
Add: Tax relating to earlier years	70.68	(75.98)
	3,796.52	1,159.57
Surplus brought forward from previous year	1,482.39	1,110.25
Total	5,278.91	2,269.82
Appropriations:		
First Interim dividend paid	948.38	189.68
Dividend tax paid	3.75	-
Second Interim dividend payable	1,232.89	474.19
Dividend tax payable	37.78	-
Transfer to general reserve	372.59	123.56
Balance carried to Balance Sheet	2,683.52	1,482.39
	5,278.91	2,269.82

2. DIVIDEND

The board of directors at their meeting held on 28th January 2011, declared first interim dividend of Rs.2.50 per share (50%) absorbing a sum of Rs.9.48 Cr for the year 2010-11 and the same was paid to the shareholders on 7th February 2011.

The board of directors at their meeting held on 12th August 2011 declared a second interim dividend of Rs.3.25 per share (65%) absorbing a sum of Rs.12.33 Cr for the year 2010-11. Hence, the total amount of dividend including the second interim dividend payable, for the year ended 31st March 2011 will aggregate to Rs.5.75 per share (115%) on 3,79,35,168 equity shares of Rs.5/- each.

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

3. PERFORMANCE

The global economic conditions continued to be strong and positive in 2010-11, resulting in a strong growth for the automotive sector. The Indian economy posted a remarkable recovery in terms of overall growth figures more importantly, in terms of certain fundamentals, which justify optimism for India in the medium to the long term. The data on National Income released by the Central Statistical Organisation estimates the growth of GDP at 8.6% in Financial Year (FY) 2010-11.

During the FY 2010-11, the domestic automotive demand has recorded highest peaks in the history, with growth at 26.2% compared to FY 2009-10.

During the year under review, the medium / heavy commercial vehicles segment recorded a positive growth of 32% and the light commercial vehicle segment also registered a positive growth of 23%. Car segment achieved a positive growth of 30% and two wheeler segment registered a growth of 26% (Source: SIAM).

During 2010-11, economies across the world were on a steady growth path and the positive upswing in the World economy was better during second half of 2010.

- GDP in US surged by 2.9% in 2010 as against -2.6% in 2009. (Source: FTR).
- GDP in European Union (EU) was positive at 1.8% in 2010 compared to -4.3% in 2009 (Source: Eurostat / IMF)

In this background, North American class 8 trucks market witnessed a positive growth of 28% (Source: FTR). Similarly, the Europe medium and heavy trucks witnessed a positive growth of 6% (Source: ACEA).

Particulars	2010-11	2009-10	Growth%
Sales (Tonnage)	32,239	23,193	39
Sales (Rs. Cr)	764.86	492.68	55
Domestic sales (Rs. Cr)	478.12	319.96	49
Export sales (Rs. Cr)	286.74	172.72	66
PBT (Rs. Cr)	45.26	13.67	231

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. Industry Structure and Development:

Domestic

The Indian economy has recovered strongly from the slowdown caused by the global financial crisis. The GDP recorded a robust growth rate estimated at 8.6%, driven by growth in the agricultural sector (5.4%), industrial sector (8.1%) and services sector (9.6%). The year also witnessed strong inflationary trends, which necessitated successive increases in CRR and other changes in the monetary policy to curb inflation. As a result, the second half of the fiscal year saw a drop in the Index for Industrial Production (IIP) as industrial activity was affected.

The automotive industry in India grew steadily during the year 2010-11. New product launches, attractive discounts and availability of finance at affordable interest rates helped industry in registering strong growth in vehicle sales over 2009-10. The industry witnessed a substantial increase in exports and overall export growth was 30% compared to 18% in 2009-10 (Source: SIAM).

Category	2010-11 Nos.	2009-10 Nos.	Growth %
Commercial Vehicles (CV)	6,76,408	5,32,721	27.0
Passenger cars	25,20,421	19,51,333	29.2
Three wheelers	5,26,022	4,40,392	19.4
Two wheelers	1,17,90,305	93,70,951	25.8

(Source: SIAM)

Exports

The US economy continues to recover from its worst financial crisis. Economic activity expanded at a moderate pace in the second half of



2010. US economies grew by 2.9% as against - 2.6% in the last year. (Source: FTR)

EU growth prospects remain subject to risks. The pace of recovery differs across EU10. The EU countries are targeting ambitious fiscal adjustments for stability and growth. GDP in European Union was positive at 1.8% in 2010 compared to -4.3% in 2009 (Source : Eurostat / IMF).

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

Market	Category	2010	2009	Growth%
North America	Class 8 Trucks	1,53,969	1,19,734	28.6
North America	Class 5-7 Trucks	95,782	94,495	1.4
Europe	Medium & Heavy trucks	3,92,825	3,71,276	5.8

(Source: ACT Research & ACEA)

II. Business outlook and overview

Going forward, India's GDP growth is expected to be moderate due to higher inflation pressures and rising interest rates. Impact of past rate hikes, reduction in pricing power and higher crude prices pose downside risks to overall growth.

Capital flows are expected to remain robust in 2011-12 in view of slower economic recovery in the West vis-à-vis India. It is expected that the Rupee is to remain in the range of Rs.43-44 per US dollar during 2011-12.

Growth in most emerging and developing economies continues to be strong. Overall, global economy expanded at an annualized rate of 4.3 percent in the first quarter and forecasts for 2011-12 are broadly unchanged, with offsetting changes across various economies (Source: IMF).

All segments of automotive industry are expected to register a moderate growth during 2011-12 at a lower growth rate than previous year.

III. Opportunities & Threats

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

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

In view of stringent emission norms, more and more global customers are going in 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 continuing either to set up new capacities or expand existing capacities for catering 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 the price reduction from their suppliers and the Company also will have to pass on some of the learning curve benefits in the form of annual price reductions.

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

IV. Risks and concerns

Economy

The instability in global economic recovery is a major concern. Apart from the political unrest in some countries, tight monetary stance, the septicity of hardening crude and commodity prices in international markets are expected to impact Indian economy significantly. The slowdown or delay in recovery of US and European economies will adversely affect the Company's revenues.

Any failure of monsoon could trigger further fuelling inflation and interest rates.

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

Industry specific

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

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

The competition has increased significantly 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 several new products for future projects of global customers. Any delay in ramping up of these new projects could impact the projections of Original Equipment Manufacturers (OEM) for these new platforms. This may have an impact on the Company's new product sales.

Power crisis continues to be a cause for concern in the State. The Company is resorting to captive power generation using diesel generators and purchase from alternate sources to meet the shortfall.

Sourcing

With many economies coming out of recession, prices of commodities are expected to rise. While the Company continues to pursue cost reduction initiatives, increase in price of input materials could impact the Company's profitability to the extent 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 stipulation and requirements of the automotive industry demands high quality products. Quality is, therefore, key and monitored closely.

Although every reasonable precaution is taken, defects may lead to incurring considerable expenses for rework or product recall in rare cases. Appropriate recall and product liability insurance in line with standard industry practice has been taken to minimize the risks.

Capacity utilization

The Company continuously sets up capacities to meet the projected demand of customers. The capacity utilization will be adversely affected if the programs of the customers are delayed or postponed.

The Company closely monitors the progress of customer projects to minimize the risk of capacity under-utilization.

V. Internal control system and their adequacy

The Company has effective and adequate internal control systems covering all areas of operations. The internal control system provides for well documented policies / guidelines, authorisations and approval procedures.

The Company, through its own Internal Audit Department, carries out periodic audits at all locations and functions based on the plan approved by the Audit Committee. The observations, arising out of audit, are periodically reviewed and compliance ensured. The summary of the Internal Audit observations and the corrective action status are submitted to the Audit Committee of the board of directors. The status of implementation of the recommendations are reviewed by the Committee on a regular basis 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 / customers during 2010-11.

- Gold category in Indian Manufacturing Excellence award 2010 conducted by Frost and Sullivan.
- WABCO - "Best supplier award" for New product development.
- Best suppliers award for excellent performance from Cummins ABO.

B. Quality

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

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

TQM is a way of life in the Company. 100% employee involvement has been successfully achieved for the 12th consecutive year.

Employees have completed more than 307 projects by applying statistical tools through Quality Control Circles (QCC) in 2010-11. The average number of suggestions implemented per employee in 2010-11 was 58.

C. Cost management

The Company continues its rigorous focus on its costs through an effective cost management system. Reducing process scrap and operational efficiency projects are being pursued for cost reduction for insulation against 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. Several projects have been implemented during the year to improve the productivity and quality. The Company also uses Project Management system to monitor and reduce the new product development lead time, control cost and improve quality. During the year, the Company has developed applications and dashboards to monitor and improve product quality using early watch and alert system. Most of the business transactions among the Company, suppliers and customers are done through ERP.

VII. Human Resource Development

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

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

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

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

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.

A cordial industrial relations environment continues to prevail at all the manufacturing units of the Company during the year.



Sundaram-Clayton Limited

As of 31st March 2011, the Company had 3679 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:

- Harmonic active filter in alloy plant
- Redesigning the cooling tower pipeline in PDC
- Auto door for Electric Holding Furnaces
- Use of energy efficient lighting without affecting luminosity
- Automatic power factor controller for transformers.
- Timer cut off Hydraulic Motor during Idle running

IX. Community development and social responsibility

Srinivasan Services Trust (SST), co-sponsored by the Company with the vision of building self reliant rural community, was established in 1996. Over 15 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

X. Financial / Operational performance

The financial and operational performance for the year 2010-2011 as compared to the previous year is furnished in the following table:

Particulars	Year ended 31 st March 2011		Year ended 31 st March 2010	
	Rs. in lakhs	%	Rs. in lakhs	%
Sales	76,486.64	92.22	49,267.53	91.41
Other income	6,454.91	7.78	4,629.30	8.59
Total income	82,941.55	100.00	53,896.83	100.00
Raw materials consumed	41,690.36	50.27	23,889.11	44.33
Cost of traded goods sold	197.67	0.24	459.71	0.85
Staff cost	9,629.99	11.61	6,887.82	12.78
Stores and tools consumed	6,464.88	7.79	4,971.16	9.22
Power and fuel	4,456.51	5.37	3,146.45	5.84
Repairs and maintenance	2,056.81	2.48	1,738.11	3.22
Other expenses	7,648.71	9.22	5,629.40	10.44
Interest - net	2,187.69	2.64	2,052.35	3.81
Depreciation	4,083.09	4.92	3,755.89	6.97
Total expenditure	78,415.71	94.54	52,530.00	97.46
Profit before tax	4,525.84	5.46	1,366.83	2.54
Provision for taxation				
- Income tax	661.52	0.80	90.00	0.17
- Deferred tax	138.48	0.17	41.28	0.08
Profit after tax	3,725.84	4.49	1,235.55	2.29

At present, SST is working in 1,000 villages, spread across Tamil Nadu, Karnataka, Maharashtra, Gujarat and Himachal Pradesh. Its major focus areas are: Economic Development, Health, Education, Environment and Infrastructure. Its significant achievements are:

- Through partnership with the community helped to form over 2,635 Self Help Groups (SHG)
- The Infant Mortality Rate and Maternal Mortality Rate reduced to 2/1000 live births and 25/one lakh births.
- 100% enrolment of children in schools and over 36,000 adult women made literate.
- Proper solid and liquid waste management practices adopted in 662 villages.
- Over 1,62,000 hectares of degraded forests reforested and 13,000 hectares of dry land covered by watershed development activities.
- Over 39,657 families have taken up income generating activities. They earn an additional income from Rs.2,000/- to Rs.4,000/- per month.
- SHG members have a group saving of Rs.10.01 Cr.
- Over 61,600 of the families living in these villages have a monthly income around Rs.10,000/- per family.

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

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

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.

5. RESTRUCTURING OF COMPANIES

It may be recalled that the board of directors earlier in August 2010 approved a draft composite Scheme of arrangement and amalgamation among the Company (the Scheme), and its wholly owned subsidiaries, namely Sundaram Investment Limited (SIL), TVS Investments Limited (TVSI) and Anusha Investments Limited (AIL) and their respective shareholders under Sections 391-394 of the Companies Act, 1956, (the Act), subject to the approval of the shareholders and other regulatory approvals, as may be required under the applicable securities laws.

Committee of directors formed for this purpose is in consultation with Merchant Bankers and Valuers for finalising the draft scheme and will be presenting it to the board of directors within the next 6 to 8 weeks.

The directors intend to take steps for finalising the Scheme during the current financial year, seek the approval of the Stock Exchanges and complete the process of getting the approval of Hon'ble High Court of Madras.

6. SUBSIDIARY COMPANIES

As of 31st March 2011, the following are the subsidiaries of the Company:

S. No	Name of the Company	Subsidiary of
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 Housing Limited	TVS Motor Company Limited
6.	TVS Motor (Singapore) Pte Limited	TVS Motor Company Limited
7.	TVS Motor Company (Europe) B.V	TVS Motor Company Limited
8.	PT. TVS Motor Company Indonesia	TVS Motor (Singapore) Pte Limited
9.	TVS Wind Power Limited	TVS Energy Limited
10.	TVS Wind Energy Limited	TVS Energy Limited
11.	TVS Investments Limited	Sundaram-Clayton Limited
12.	Sundaram Investment Limited	Sundaram-Clayton Limited
13.	TVS Electronics Limited	TVS Investments Limited
14.	TVS Capital Funds Limited	TVS Investments Limited
15.	TVS-E Access (India) Limited	TVS Investments Limited
16.	TVS-E Servicetec Limited	TVS Investments Limited
17.	Sravanaa Properties Limited	TVS Investments Limited
18.	Tumkur Property Holdings Limited	TVS Electronics Limited
19.	Prime Property Holdings Limited	TVS Electronics Limited

Performance of major unlisted subsidiaries:

Anusha Investments Limited (AIL)

During the year, the wholly owned subsidiary, namely AIL, has earned a total income of Rs.2,268.26 lakhs, which included a dividend income of Rs.1,755.82 lakhs. The profit for the year before tax stood at Rs.2,066.98 lakhs. The Company paid dividend of Rs.255/- per share (255%) on 5,00,000 equity shares of Rs.100/- each during the year 2010-11.

TVS Investments Limited (TVSI)

During the year, another wholly owned subsidiary, namely TVSI, has earned a total income of Rs.1,430.43 lakhs. The profit for the year before tax stood at Rs.113.61 lakhs.

7. CONSOLIDATED ACCOUNTS

As required under the Listing Agreement with the Stock Exchanges, Consolidated Financial Statements of the Company and all its subsidiaries are attached. The Consolidated Financial Statements have been prepared in accordance with the relevant Accounting Standards as prescribed under Section 211 (3C) of the Companies Act, 1956 (the Act). These financial statements disclose the assets, liabilities, income, expenses and other details of the Company, its subsidiaries and associates.

The Ministry of Corporate Affairs (MCA) vide its circular no.2 in file No. 51/12/2007-CL-III dated 8th February 2011 has granted general exemption under Section 212(8) of the Act, for holding companies from attaching annual reports of subsidiaries along with the annual report of the holding companies without seeking any approval of the Central Government. However, this is subject to fulfilment of conditions as stipulated in the said circular granting general exemption to the holding company and passing of a resolution by the board of directors in this regard.

The board of directors at their meeting held on 5th May 2011 passed necessary resolution for complying with all the conditions enabling the circulation of annual report of the Company without attaching all the documents referred to under Section 212(1) of the Act of the subsidiary companies to the shareholders of the Company.

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

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



8. DIRECTORS

M/s.Gopal Srinivasan, Vice Admiral P J Jacob (Retd), Suresh Kumar Sharma and S Santhanakrishnan, directors will be retiring at this annual general meeting and, being eligible, offer themselves for re-appointment in terms of Articles of Association of the Company.

The brief resume of the aforesaid directors to be re-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 are being placed for approval of the shareholders at the ensuing annual general meeting. The directors recommend their re-appointment as directors of the Company.

9. AUDITORS

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

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

10. CORPORATE GOVERNANCE

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

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

The managing director (CEO) and the executive vice president - finance (CFO) of the Company have certified to the board on financial statements and other matters in accordance with the clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31st March 2011.

11. STATUTORY STATEMENTS

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

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

Particulars of employees

The particulars required pursuant to Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975 as amended,

are given in Annexure II to this report. However, in terms of the provisions of Section 219(1)(b)(iv) of the Act, the Directors' Report (excluding Annexure II) is being sent to all the shareholders of the Company. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the registered office of the Company.

Public Deposits

The Company has not accepted any deposit from the public within the meaning of Section 58A of the Act for the year ended 31st March 2011.

Directors' Responsibility Statement

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

- (i) that in the preparation of annual accounts for the financial year ended 31st March 2011, the applicable Accounting Standards had been followed and that there were no material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the directors had prepared the accounts for the financial year ended 31st March 2011 on a "going concern basis".

12. 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
12th August 2011

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) Introduced demand side controller for compressor.
- (ii) Introduced harmonic active filter in alloy plant and automatic power factor controller to substation transformers.
- (iii) Redesigned the cooling tower pipeline and pumps to eliminate Water Chillers from 800 II,III,1350 V,1350 III & 1100 II.
- (iv) Developed auto door for Electric Holding Furnaces.
- (v) Reduced energy consumption in Factory lighting by converting 400 W MV to 250 MH.
- (vi) Introduced timer to cut off hydraulic motor during Idle running production machines - 12 Nos Control hydraulic motor RPM by introducing Variable Frequency Drives (VFD) in Cooling tower.

These measures have resulted in an annual saving of about Rs. 57 lakhs.

2. Proposed measures:

- (i) Improvement in furnace insulation to reduce skin temperature and thyristor controller for controlling temperature.
- (ii) Reduction in motor power consumption by introducing VFD, Star delta starter and right sizing of motors.
- (iii) Introduction of timer to cut off hydraulic motor during idle running of trimming presses in Pressure Die Casting (PDC).
- (iv) Replacement of 70 W street lights with 36 W CFL lamps.
- (v) Replacement of air heater with coil type heater in canteen electrical fryer.

These measures will result in an annual saving of about Rs. 82 lakhs.

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 prototype Magnesium alloy based casting for the customer.
- (b) Development trails at IISc for semi solid processing.
- (c) Development of technologies for reducing the consumption of furnace oil for melting by 20%.
- (d) Development of prototype castings through sand casting.
- (e) Development of automated tooling for distortion correction after heat treatment for 3 Gravity Die Casting (GDC) parts.
- (f) Development of 73 Nos. die cast products.
- (g) Established R&D facilities for Magnesium die casting.
- (h) Development of heat treatment process for High Premium Die Casting (HPDC) parts.

Ongoing activities:

- (a) Development of product design capabilities for heat treated aluminium HPDC to increase structural integrity of safety critical parts.

- (b) Establishment of processes to enhance die life.
- (c) Establishment of in-house capability for Magnesium die casting technologies.
- (d) Development of magnesium pressure die cast components.
- (e) Development of liquid forging for difficult to cast aluminium alloys for high strength structural applications.
- (f) Establishment of LPG fired furnaces for melting aluminium to reduce metal loss by 50%.
- (g) Development of automated tooling for distortion correction for HPDC parts.

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

- (a) Energy saving.
- (b) Developed new die cast products for customers.
- (c) Validation of product life by performance testing.
- (d) Ideas generated for new businesses.
- (e) Upgradation of technical skill of employees.

3. Future plan of action:

- (a) Development of innovative methods of liquid metal transfer technologies to reduce energy consumption.
- (b) Development of investment casting technology for aluminium alloys.
- (c) Development of non-heat treatable high strength aluminium alloys.

4. Expenditure on R & D:

	(Rs. in lakhs)
Capital expenditure	125.70
Recurring expenditure (including salaries)	446.89
Total	572.59
Total expenditure as percentage of sales turnover	0.75%

Technology absorption, adaptation and innovation:

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

Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

EXPORT ACTIVITIES

Export during the year ended 31st March 2011 amounted to Rs.28,674.27 lakhs as against Rs.17,272.36 lakhs for the previous year ended 31st March 2010.

Total foreign exchange used and earned:	(Rs. in lakhs)
a) Foreign exchange used	32,555.61
b) Foreign exchange earned	28,674.27

For and on behalf of the board

Chennai
12th August 2011

GOPAL SRINIVASAN
Director

VENU SRINIVASAN
Managing Director



Report on Corporate Governance

1. Company's philosophy on code of governance

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

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

2. Board of directors

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

2.1 Composition and category of directors:

As of 31st March 2011, the board consists of eleven directors. All the directors except managing director and Director - Strategy are non-executive directors.

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 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 committees / board in order to assist directors for planning their schedules to participate in the meetings.

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

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

During the year 2010-2011, the board met 4 times on 30th April 2010, 13th August 2010, 3rd November 2010 and 28th January 2011 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 22nd September 2010 and also the number of other directorships and committee memberships / chairmanships as on 31st March 2011 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	-	No	9	5	2
Venu Srinivasan	MD	4	Yes	16	4	1
Gopal Srinivasan	NE-NI	4	No	17	2	-
K Mahesh	NE-I	2	Yes	6	2	-
T K Balaji	NE-NI	2	No	14	4	1
Dr Lakshmi Venu	DS	4	Yes	-	-	-
Vice Admiral P J Jacob (Retd)	NE-I	4	Yes	1	1	1
V Subramanian	NE-I	3	Yes	7	6	-
Suresh Kumar Sharma	NE-I	2	No	1	-	-
S Santhanakrishnan	NE-I	3	No	6	-	-
T R Sridharan	NE-I	4	Yes	1	2	-

* includes private companies and bodies corporate.

** includes committees where the director is also chairman.

MD : Managing Director / DS : Director-Strategy

NE-I : Non Executive - Independent director

NE-NI : Non Executive - Non-Independent director

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

2.4 Access to information and updation to directors:

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

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

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

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

The Company has in place the Code of 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 2011. 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 Re-appointment of directors:

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

3. Audit Committee

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

3.1 Brief description of terms of reference:

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

- Overviewing the Company's financial reporting process and the disclosure of financial information.
- Reviewing with the management quarterly and annual financial statements before submission to the board for approval with particular reference to the matters specified in the Listing Agreement.
- Reviewing the statement of related party transactions and transactions with companies in which one or more

director(s) of the Company is / are deemed to be interested/ concerned.

- Discussing the nature and scope of audit including internal audit prior to the commencement of the audit and areas of concern, if any, arising post audit.
- 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.
- 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.
- Recommending to the board the appointment / re-appointment / replacement of the statutory auditors and the fees payable for audit and approving the payment for any other services rendered by the statutory auditors.
- Reviewing the adequacy of internal audit functions and systems, structure, reporting process, audit coverage and frequency of internal audit.
- Reviewing the management discussion analysis of financial conditions and results of operations and other matters specified under clause 49 of the Listing Agreement.
- Reviewing the financial statements, in particular the investments made by the unlisted subsidiaries.
- Reviewing with the management the annual financial statements before submission to the board, in particular:
 - Any change in accounting policies and practices;
 - Major accounting entries based on exercise of judgment by management;
 - Significant adjustments arising out of audit;
 - Compliance with accounting standards; and
 - Disclosure of contingent liabilities.
- Approving the appointment of the Chief Financial Officer after assessing the qualifications, experience & background, etc. of the candidate.
- In addition, reviewing of such other functions as envisaged under Section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement with Stock Exchanges.

3.2 Composition, name of members and the chairman:

As of 31st March 2011, the Audit Committee consists of the following non-executive independent and non-independent directors:

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

Vice Admiral P J Jacob (Retd), Independent Director, is the chairman of the Audit Committee. Mr R Raja Prakash, company secretary acts as the secretary of the Audit Committee.



Chairman of the Audit Committee was present at the last annual general meeting held on 22nd September 2010.

The composition of the Audit Committee is in accordance with the requirements of clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

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

Date of the meeting	Members present (M/s)
23 rd April 2010	Vice Admiral P J Jacob (Retd.) and V Subramanian
13 th August 2010	Vice Admiral P J Jacob (Retd.), T K Balaji and V Subramanian
2 nd November 2010	Vice Admiral P J Jacob (Retd.), V Subramanian and T R Sridharan
27 th January 2011	Vice Admiral P J Jacob (Retd.), V Subramanian and T R Sridharan

4. Subsidiary Companies

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

5. Disclosures

5.1. Materially significant related party transactions:

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

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

The Audit Committee reviews, *inter alia*, the following aspects:

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

5.2 Disclosure of accounting treatment:

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

The Central Government has issued a notification on 31st March 2009 amending the existing AS 11 relating to 'The effects of changes in foreign exchange rates' and extended one more year upto 31st March 2012 vide Notification dated 11th May 2011. By this amendment, companies are permitted to add to / deduct from the carrying cost of depreciate assets, exchange differences arising out of exchange rate fluctuations with corresponding adjustments in general reserves and provision for depreciation. In order to give effect to the aforesaid amendment, companies are required to exercise their option in this regard. The option once exercised is irrevocable.

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

5.3 Risk Management:

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

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

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

5.5 Disclosure by senior management personnel:

The senior management personnel have made disclosures relating to all material, financial and other transactions to the board, 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 the executive vice-president - finance (CFO) of the Company have certified to the board on financial and other matters in accordance with clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31st March 2011.

5.7 Compliance with mandatory / non-mandatory requirements:

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

5.8 Code of Conduct for Prevention of Insider Trading :

In compliance with the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations 1992, as amended till date, the Company has a comprehensive Code of conduct for prevention of insider trading (Code) and the same is being strictly adhered to by the directors, senior management personnel and other persons covered by the Code. The Company follows closure of trading window prior to the publication of price sensitive information. The Code expressly lays down the guidelines and the procedures to be followed and disclosures to be made, while dealing with the shares of the Company and cautioning them on the consequences of non-compliances thereof.

The Company regularly follows closure of trading window prior to the publication of price sensitive information. The Company

has been informing the directors, senior management and other persons covered by the Code about the same and advising not to trade in Company's shares, during the closure of trading window period.

5.9 Management discussion and analysis report:

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

6. Remuneration Committee

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

6.1 Remuneration to directors:

Mr Venu Srinivasan was re-appointed as managing director for a period of five years effective 23rd 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 27th April, 2009. The shareholders at the annual general meeting held on 29th September, 2009 approved the said re-appointment and remuneration.

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

The board of directors at their meeting held on 5th May 2011 varied the terms of appointment and remuneration of Dr Lakshmi Venu, subject to the approval of the shareholders in the ensuing annual general meeting. A subject seeking the approval of the shareholders for the said variation is included in the Notice convening the 49th Annual General Meeting of the Company to be held on 30th September 2011.

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

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

6.2 Particulars of sitting fees paid to non-executive directors during the financial year 2010-2011:

Name of the directors - (M/s.)	Sitting fees (Rs.)
Suresh Krishna	7,500
K Mahesh	22,500
Gopal Srinivasan	45,000
T K Balaji	75,000
Vice Admiral P J Jacob (Retd)	75,000
V Subramanian	67,500
S Santhanakrishnan	22,500
Suresh Kumar Sharma	15,000
T R Sridharan	45,000

6.3 Details of shareholdings of non-executive directors in the Company as on 31st March 2011:

Name of the non-executive director (M/s.)	No. of shares
Suresh Krishna *	3,064
K Mahesh *	246
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 Act.

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 2010-2011:

(Rupees in lakhs)

Name of the Directors	Salary	Contribution to PF & Other Funds	Perqui-sites	Commis-sion	Total
Mr Venu Srinivasan	19.50	3.06	5.19	–	27.75
Dr Lakshmi Venu	20.20	2.04	1.85	48.03	72.12

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 4 times during the year.

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

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



Sundaram-Clayton Limited

7.4 Complaints received and redressed during the year 2010-2011:

S.No.	Nature of complaints	No. of complaints
1	Non-receipt of share certificates	3
2	Non-receipt of dividend warrants	7
3	Non-receipt of annual reports	1
	Total	11

7.5. All the queries and grievances received during the year ended 31st March 2011 were duly addressed and no queries were pending for resolution on that date.

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

7.6 Reconciliation of Share Capital Audit (ROSC):

A qualified practising company secretary carries out a ROSC 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 ROSC 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
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
2009-2010	The Music Academy, New No.168, T T K Road (Mowbrays Road), Chennai - 600 014	22.09.2010	10.15 A.M

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

Year	Subject	Date of AGM
2007-2008	Nil	25.09.2008
2008-2009	Amendment to the Articles of Association of the Company	29.09.2009
2009-2010	Nil	22.09.2010

8.3 None of the subjects placed before the shareholders in the last / ensuing annual general meeting required / requires approval 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 specific communications to Stock Exchanges, where the Company's shares are listed.

9.1 Quarterly results:

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

9.2 Newspapers wherein results normally published:

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

9.3 Website:

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

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

10. General shareholder information

10.1 Annual general meeting:

Date and time : Friday, the 30th September 2011
at 10.15 AM

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

10.2 Financial year : 1st April to 31st March

Financial calendar 2011-12 (Tentative):

Financial reporting for

the quarter ended/ending : Financial calendar

30th June 2011 : 12th August 2011

30th September 2011 : between 15th October and 15th November 2011

31st December 2011 : between 15th January and 15th February 2012

31st March 2012 : between 15th April and 15th May 2012

Annual general meeting : During August / September 2012

10.3 Date of book closure : 19th August 2011 to 22nd August 2011 (both days inclusive)

10.4 Particulars of dividend payment:

The board of directors at their meeting held on 28th January 2011 declared first interim dividend of Rs. 2.50 per share (50%) for the year 2010-2011, absorbing a sum of Rs 9.48 Cr. It was paid to the shareholders on 7th February, 2011.

The board of directors at their meeting held on 12th August 2011 declared a second interim dividend of Rs.3.25 per share (65%) absorbing a sum of Rs.12.33 Cr for the year 2010-11. Hence, the total amount of dividend including the second interim dividend payable, for the year ended 31st March 2011 will aggregate to Rs.5.75 per share (115%) on 3,79,35,168 equity shares of Rs 5/- each.

10.5 Listing on Stock Exchanges:

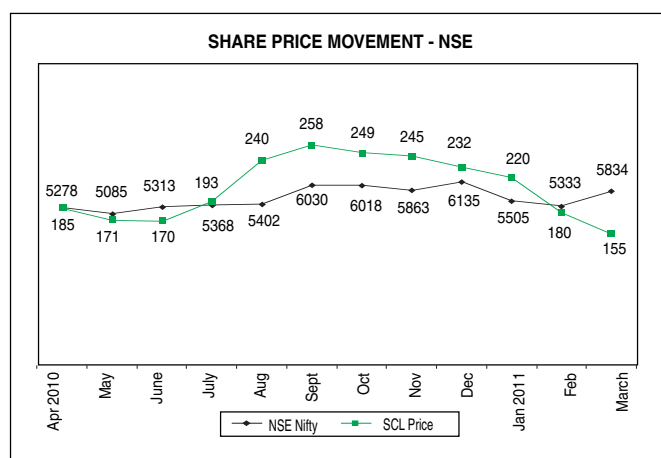
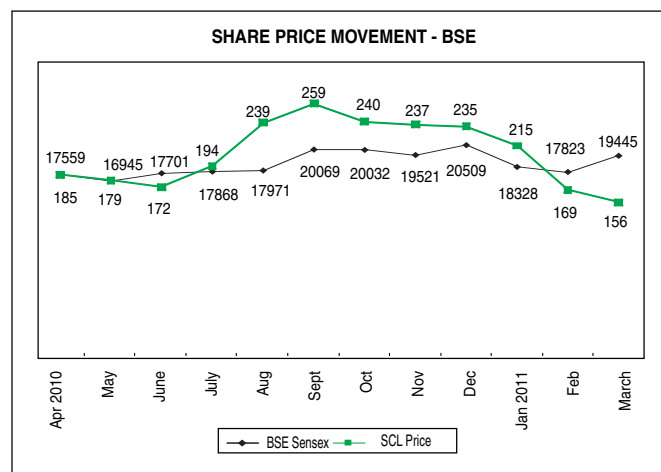
Name of the Stock Exchange	Stock code / symbol
Madras Stock Exchange Ltd (MSE)	-
Bombay Stock Exchange Ltd (BSE)	520056
National Stock Exchange of India Ltd (NSE)	SUNCLAYTON
ISIN allotted by Depositories (Company ID Number)	INE 105A01027

(Note: Annual listing fees and custodial charges for the year 2011-2012 have been duly paid to the above Stock Exchanges and Depositories)

10.6 Market Price Data: (in Rupees)

Month	BSE (Monthly)		NSE (Monthly)	
	High	Low	High	Low
April 2010	185.00	111.10	185.00	110.60
May 2010	179.00	151.35	171.00	152.00
June 2010	172.00	148.65	170.00	148.00
July 2010	194.00	164.15	193.60	160.50
August 2010	239.20	177.00	240.00	177.00
September 2010	259.00	207.00	258.00	216.00
October 2010	240.00	202.55	249.00	203.50
November 2010	236.90	191.60	244.95	190.75
December 2010	235.00	186.05	232.00	185.25
January 2011	214.95	165.05	219.80	161.00
February 2011	169.05	140.00	180.00	140.00
March 2011	155.50	137.10	155.15	133.70

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



10.8 Share Transfer System:

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



Sundaram-Clayton Limited

- d. Certificates are being obtained and submitted to Stock Exchanges, on half-yearly basis, from a Company Secretary-in-practice towards due compliance of share transfer formalities by the Company within the due dates, in terms of clause 47(c) of the Listing Agreement with Stock Exchanges.
- e. Certificates have also been received from a Company Secretary-in-practice and submitted to the Stock Exchanges, on a quarterly basis, for timely dematerialization of shares of the Company and for reconciliation of the share capital of the Company, as required under SEBI (Depositories and Participants) Regulations, 1996.
- 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.rajaprakash@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 share transfer department for transfer / transmission of shares, change of address and queries pertaining to their shareholdings, dividends, etc., at the address given in this report.

10.9 Shareholding pattern as on 31st March 2011:

Particulars	No. of shares of Rs. 5/- each	% to total
(A) Shareholding of Promoter and Promoter Group		
Indian - Bodies Corporate	3,03,48,128	80.00
Total Shareholding of Promoter and Promoter Group (A)	3,03,48,128	80.00
(B) Public Shareholding		
(1) Institutions		
(a) Mutual Funds	25,13,639	6.63
(b) Banks, Financial Institutions, Insurance companies (Central, State Government Institutions, Non-Govt. Institutions)	804	0.00
(c) Foreign Institutional Investors	11,626	0.03
Sub Total Institutions	25,26,069	6.66
(2) Non-Institutions		
(a) Bodies Corporate	6,98,102	1.84
(b) Individuals <1 Lakh	36,86,816	9.72
(c) Individuals > 1 Lakh	5,88,929	1.55
(d) NRI - Repatriable	34,080	0.09
(e) NRI - Non-Repatriable	53,044	0.14
Sub Total Non-Institutions	50,60,971	13.34
Total (B)	75,87,040	20.00
Grand Total (A) + (B)	3,79,35,168	100.00

10.10 Distribution of Shareholding as on 31st March 2011:

Shareholding (Range)	No of shares	%	No of members	%
Upto 500	24,30,119	6.41	16,776	94.49
501-1000	4,51,353	1.19	604	3.40
1001-2000	2,98,844	0.79	201	1.13
2001-5000	2,89,626	0.76	92	0.52
5001-10000	2,88,651	0.76	38	0.21
10001 & above	3,41,76,575	90.09	44	0.25
Total	3,79,35,168	100.00	17,755	100.00

10.11 Dematerialization of shares and liquidity:

Out of 75,87,040 shares held by persons other than promoters, 68,99,822 shares have been dematerialised as on 31st March 2011 accounting for 90.94%.

The Company has already achieved 100% of promoter group's shareholding in dematerialized form, since the promoter holding consisting of 30,348,128 equity shares are fully held in dematerialised form. The Company is therefore fully compliant with SEBI circulars No: SEBI/Cir/ISD/1/2010 dated 2nd September 2010 and SEBI Cir/ISD/3/2011 dated 17th June 2011.

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

10.13 Plant locations

Chennai
Padi, Chennai - 600 050
Tamil Nadu, India
Tel : 044 - 2625 8212
Fax : 044 - 2625 7177
Email : cnp@scl.co.in

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

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

10.14 Address for investors correspondence :

- (i) For transfer / dematerialisation of shares, payment of dividend on shares and any other query relating to the shares of the Company : Sundaram-Clayton Limited
Share transfer department
No. 22 (Old No.31), Railway Colony,
3rd Street, Mehta Nagar,
Chennai 600 029
Tel : 044-2374 1889 / 2374 2939
Fax : 044-2374 1889

- (ii) for any query on non-receipt of : Email : kr.raman@scl.co.in
annual report investorscomplaintssta@scl.co.in
- (iii) for Investors grievance & : Email : sclshares@gmail.com
general correspondence r.rajaprakash@scl.co.in

11. Non-mandatory disclosures

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

11.1 The Board:

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

11.2 Remuneration committee:

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

11.3 Shareholder rights:

The half-yearly results of the Company are published in English and Vernacular newspapers and are also displayed on the Company's website namely www.sundaramclayton.com and in the official website of 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 convert their physical holding to demat / electronic form through any of the Depository Participants (DPs) to avoid any possibility of loss, mutilation etc., of physical share

certificates and also to ensure safe and speedy transaction in securities.

Registration of Electronic Clearing Service (ECS) Mandate:

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

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

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 20th May 2009, it has become mandatory for transferees to furnish a copy of Permanent Account Number (PAN) for registration of transfer of shares to be held in physical mode.

In case of loss / misplacement of share certificates, shareholders should immediately lodge a FIR / Complaint with the police and inform the Company / 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 Act 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 DPs in respect of change of address and furnishing bank account number etc.

SMS Alerts:

Shareholders are requested to note that NSDL and CDSL have announced the launch of SMS alert facility for demat account holders whereby shareholders will receive alerts for debits / credits (transfers) to their demat accounts a day after the respective transfers. These alerts will be sent to those account holders who have provided their mobile numbers to their 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 and www.cdslindia.com respectively.

Timely encashment of dividends:

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

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

Shareholders who have not encashed their dividend warrants in respect of dividend declared for the financial year ended 31st March 2005 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

Shareholders are requested to note that the dividends, not claimed for a period of seven years from the date they first became due for payment, shall be transferred to IEPF in terms of Section 205C of the Act. Accordingly, a sum of Rs.5.52 lakhs, being unclaimed dividend upto 31st March 2004, was transferred to IEPF during the year. Shareholders are requested to note that as per the applicable

provisions of the Act, unclaimed dividends, once transferred to IEPF, will not be refunded.

Unclaimed share certificates:

In terms of the provisions of Clause 5A of the Listing Agreement (introduced vide SEBI circular dated 16th December 2010), the unclaimed share certificates will be dematerialized and transferred to "Unclaimed Suspense Account". As per this clause, the Company sent first reminder letters to the shareholders, whose share certificates were returned undelivered or unclaimed. It is also proposed to send the second and final reminder letters during the year 2011-12. Shareholders who are in receipt of such reminder letters are requested to write to share transfer department and provide the correct details to enable to the Company to re-send the share certificates. Action will be taken thereafter to transfer the shares so unclaimed to "Unclaimed Suspense Account". These shares will be thereafter transferred to the respective shareholders as and when claimed by them.

Green initiative in corporate governance

MCA has undertaken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and issued circulars stating that service of notice, annual report, etc., can be sent by email to their members. The advantages of sending such documents in email are to:

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

Accordingly, the annual report for 2010-11, notice for AGM, etc., are being sent in electronic mode to such of the members whose email addresses are available and registered with the Company / DPs and who have not opted to receive the same, are being sent in physical form.

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

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

Particulars of unclaimed dividend of the Company

Financial year	Date of declaration	Date of transfer to special account	Date of transfer to IEPF
2004-05 (1 st Interim)	27.10.2004	02.12.2004	02.12.2011
2004-05 (2 nd Interim)	23.06.2005	29.07.2005	29.07.2012
2005-06 (1 st Interim)	28.10.2005	03.12.2005	03.12.2012
2005-06 (2 nd Interim)	21.04.2006	27.05.2006	27.05.2013
2006-07 (1 st Interim)	30.10.2006	05.12.2006	05.12.2013
2006-07 (2 nd Interim)	21.03.2007	26.04.2007	26.04.2014
2006-07 (Final)	03.10.2007	08.11.2007	08.11.2014
2007-08 (1 st Interim)	30.10.2007	05.12.2007	05.12.2014
2007-08 (2 nd Interim)	18.08.2008	23.09.2008	23.09.2015
2008-09 (1 st Interim)	08.12.2008	13.01.2009	13.01.2016
2008-09 (Final)	29.09.2009	04.11.2009	04.11.2016
2009-10 (1 st Interim)	25.01.2010	02.03.2010	02.03.2017
2009-10 (2 nd Interim)	13.08.2010	18.09.2010	18.09.2017
2010-11 (1 st Interim)	28.01.2011	05.03.2011	05.03.2018



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 31st March 2011.

Chennai
12th August 2011

R RAJA PRAKASH
Company 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 M/s.Sundaram-Clayton Limited, Chennai 600 006 for the year ended 31st March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

Chennai
12th August 2011

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 31st March 2011.

We have audited the attached Balance Sheet of M/s. Sundaram-Clayton Limited, Chennai - 600 006 as at 31st March 2011 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 accounts.
- (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 of the Company, as on 31st March 2011 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 31st March 2011;
 - 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
12th August 2011



Annexure referred to in our report of even date of the accounts for the year ended 31st March 2011

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets are verified physically by the management at reasonable intervals. In our opinion, the interval is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The assets disposed off during the year are not substantial and therefore do not affect the going concern status of the Company.
- (ii) (a) The inventory has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of such verification is adequate. 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 loans to its wholly owned subsidiary, viz., Anusha Investments Limited, Chennai amounting to Rs.2.90 crores (Balance at the year end - Nil). Apart from the above, the Company has not granted any loan to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) In our opinion, the rate of interest and other terms and conditions on which such loans and advances are made are not prima facie prejudicial to the interest of the Company.
- (c) The recovery of principal amount and interest thereon were in accordance with the terms of loan.
- (d) As on the date of Balance Sheet, the said company has fully repaid the loan availed by it.
- (e) During the year, the Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. However, the Company has repaid in full a loan of Rs.5,000 lakhs availed during last financial year.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no minor or major continuing failure has been noticed in the internal control system.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been properly entered in the said register.
- (b) In our opinion and according to the information and explanations given to us, the transactions entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value by rupees five lakhs in respect of each party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit from the public.
- (vii) The Company has an Internal Audit System which, in our opinion, is commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government under Section 209 (1)(d) of the Companies Act, 1956 for maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the records provided to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investors Education and Protection Fund, Income tax, Sales tax, Wealth tax, Customs duty, Excise duty, Service tax and Cess and other statutory dues with the appropriate authorities. However, certain marginally delayed remittances were noticed in respect of few payments dealt with herein. The die casting divisions at Belagondapalli near Hosur and Mahindra World City, Kancheepuram District 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 31st March 2011 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.

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Forum where dispute is pending
Central Excise Act, 1944	Interest on Excise duty	(a) 5.97	The Hon'ble High Court of Judicature at Madras
	Excise duty	(b) 673.22	Commissioner of Central Excise, Chennai
Total		679.19	
Customs Act, 1962	Customs duty	206.00	Joint Director General of Foreign Trade, New Delhi
Wealth Tax Act, 1957	Wealth tax	14.61	Commissioner of Income tax (Appeals), Chennai
Finance Act, 1994	Service tax	(a) 44.30	Central Excise and Service Tax Appellate Tribunal, Chennai
		(b) 16.49	Commissioner (Appeals), Chennai
		(c) 107.38	Commissioner of Service tax, Chennai
		(d) 91.94	Additional Commissioner of Service tax, Chennai
		(e) 19.61	Joint Commissioner of Service tax, Chennai
		(f) 0.21	Asst. Commissioner of Service tax, Chennai
Total		279.93	
Tamilnadu Town and Country Planning Act, 1971	Fee payable to CMDA / Municipal Authorities	96.92	The Hon'ble High Court of Judicature at Madras

- (x) The Company neither has accumulated losses as at the end of the financial year nor has incurred cash losses during the financial year and in the immediately preceding 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 loan availed by the Company were utilized for the purpose for which the loan was obtained.
- (xvii) On the basis of our examination, the Company has not used funds raised on short term basis for long term investments.
- (xviii) During the year the Company has not allotted any shares on preferential basis to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) During the year, the Company has not issued any secured debentures.
- (xx) During the year, the Company has not raised any money 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

Chennai
12th August 2011

M. BALASUBRAMANIAM
Partner
Membership No. F7945



Sundaram-Clayton Limited

Balance Sheet as at 31st March 2011

(Rupees in lakhs)

	Schedule number		As at 31.03.2011	As at 31.03.2010
I. SOURCES OF FUNDS				
1. Shareholders' funds				
a) Capital	I	1,896.76	1,896.76	
b) Reserves and surplus	II	<u>24,132.93</u>	<u>22,559.21</u>	
			26,029.69	24,455.97
2. Loans				
a) Secured loans	III	29,675.25	20,213.96	
b) Unsecured loans	IV	<u>6,372.75</u>	<u>8,655.48</u>	
			36,048.00	28,869.44
3. Deferred taxation (net)	V		2,173.17	2,034.69
4. Foreign Currency Monetary Item Translation difference			—	<u>57.13</u>
			<u>64,250.86</u>	<u>55,417.23</u>
II. APPLICATION OF FUNDS				
1. Fixed Assets				
a) Gross block	VI	56,594.91	49,064.04	
b) Less: Depreciation		<u>23,265.32</u>	<u>19,450.11</u>	
c) Net block			33,329.59	29,613.93
d) Capital work-in-progress			3,285.56	1,131.34
2. Investments	VII		6,837.71	7,343.50
3. Current assets, loans and advances				
a) Inventories	VIII	16,601.64	11,901.60	
b) Sundry debtors	IX	11,946.76	7,280.91	
c) Cash and bank balances	X	214.72	207.07	
d) Other current assets	XI	—	15.34	
e) Loans and Advances	XII	<u>7,839.04</u>	<u>5,138.18</u>	
	(a)	<u>36,602.16</u>	<u>24,543.10</u>	
Less: Current liabilities and provisions				
a) Current liabilities	XIII	11,796.81	4,519.73	
b) Provisions	XIV	<u>4,080.65</u>	<u>2,767.88</u>	
	(b)	<u>15,877.46</u>	<u>7,287.61</u>	
Net current assets	(a)-(b)		20,724.70	17,255.49
Miscellaneous expenditure (to the extent not written off or adjusted)	XV		<u>73.30</u>	<u>72.97</u>
			<u>64,250.86</u>	<u>55,417.23</u>
Notes on accounts	XXI			

VENU SRINIVASAN
Managing Director

GOPAL SRINIVASAN
Director

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

Chennai
12th August, 2011

V N VENKATANATHAN
Executive Vice-President (Finance)

R RAJA PRAKASH
Company Secretary

M BALASUBRAMANIAM
Partner
Membership No. F7945

Profit & Loss Account for the year ended 31st March 2011

(Rupees in lakhs)

	Schedule number	Year ended 31.03.2011	Year ended 31.03.2010
Sales (Gross) - automotive related		82,022.04	52,990.94
Less: Excise duty		5,739.58	4,194.75
Sales (Net)		76,282.46	48,796.19
Sales - traded goods - non automotive related		204.18	471.34
Other Income	XVI	6,454.91	4,629.30
	(a)	82,941.55	53,896.83
Materials consumed	XVII	41,690.36	23,889.11
Cost of traded goods sold - non automotive related	XVIII	197.67	459.71
Salaries & wages, stores consumed and other expenses	XIX	30,256.90	22,372.94
	(b)	72,144.93	46,721.76
Profit before interest, depreciation and tax	(c) = (a-b)	10,796.62	7,175.07
Interest (net)	XX	2,187.69	2,052.35
Depreciation		4,083.09	3,755.89
	(d)	6,270.78	5,808.24
Profit before tax	(e) = (c-d)	4,525.84	1,366.83
Provision - for Income tax		661.52	90.00
- for Deferred tax		138.48	41.28
	(f)	800.00	131.28
Profit for the year (after tax)	(g) = (e-f)	3,725.84	1,235.55
Balance profit brought forward		1,482.39	1,110.25
Profit for the year (after tax)		3,725.84	1,235.55
Tax relating to earlier years		70.68	-
Total		5,278.91	2,345.80
Tax relating to earlier years		-	75.98
First interim dividend paid		948.38	189.68
Dividend tax paid #		3.75	-
Second interim dividend payable		1,232.89	474.19
Dividend tax payable #		37.78	-
Transfer to general reserve		372.59	123.56
Balance carried to Balance Sheet		2,683.52	1,482.39
Total		5,278.91	2,345.80
Notes on accounts	XXI		
Nominal value of each share in rupees		5.00	5.00
Basic earnings per share in rupees on 3,79,35,168 shares		9.82	3.26
Diluted earnings per share in rupees		9.82	3.26

- The Company has received dividend from its wholly owned subsidiary which has already paid dividend tax. Hence, dividend tax paid/payable by the Company is reduced to the extent of dividend tax paid by its subsidiary. This is as per provisions of Section 115-O (1A) of Income-Tax Act, 1961

VENU SRINIVASAN
Managing Director

GOPAL SRINIVASAN
Director

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

Chennai
12th August, 2011

V N VENKATANATHAN
Executive Vice-President (Finance)

R RAJA PRAKASH
Company Secretary

M BALASUBRAMANIAM
Partner
Membership No. F7945



Schedules

	As at 31.03.2011	As at 31.03.2010
(Rupees in lakhs)		
I. SHARE CAPITAL		
Authorised		
4,00,00,000 Equity Shares of Rs.5/- each.	<u>2,000.00</u>	<u>2,000.00</u>
Issued, subscribed and paid-up		
3,79,35,168 Equity Shares of Rs.5/- each fully paid.	<u>1,896.76</u>	<u>1,896.76</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/-.		
II. RESERVES AND SURPLUS		
Capital Reserve	3,397.00	3,397.00
General Reserve		
As per last Balance Sheet	17,679.82	
Add: Transfer from Profit & Loss Account	<u>372.59</u>	17,679.82
Surplus		
Balance in Profit & Loss Account	<u>2,683.52</u>	1,482.39
	<u>24,132.93</u>	<u>22,559.21</u>
III. SECURED LOANS [vide note no. 2(b)]		
From banks		
a) Secured by hypothecation of raw materials, components, work-in-process, finished goods, book debts, stores, spares and tools	13,585.64	6,551.80
b) Secured by hypothecation of specified plant and machinery		
- Rupee Term Loan	8,743.41	4,632.76
- External Commercial Borrowings	<u>7,346.20</u>	9,029.40
	<u>29,675.25</u>	<u>20,213.96</u>
IV. UNSECURED LOANS		
From banks		
- Short term loans	6,222.75	3,655.48
From others		
- Short term loans	-	5,000.00
- Long term loans	<u>150.00</u>	-
	<u>6,372.75</u>	<u>8,655.48</u>

Schedules (continued)

(Rupees in lakhs)

	As at 31.03.2011	As at 31.03.2010
V. DEFERRED TAXATION (NET)		
Deferred tax liabilities		
Tax on depreciation - timing difference	3,559.76	3,407.41
Less : Deferred tax assets		
On employee related schemes	981.75	819.67
On account of unabsorbed depreciation	-	189.97
On other provision which will be allowed on payment basis like provision for warranty, provision for doubtful debts, etc..	404.84	363.08
	<u>1,386.59</u>	<u>1,372.72</u>
	<u>2,173.17</u>	<u>2,034.69</u>

VI. FIXED ASSETS

Description	Land	Lease hold Land	Buildings	Plant & Machinery, Dies & Jigs	Furniture, Fixtures & Equipments	Vehicles	Others Fixed Assets @	Total as at		
								31.03.2011	31.03.2010	
Cost of Assets										
As at 01-04-2010	A	257.07	949.61	5,298.86	40,118.11	1,594.35	690.72	155.32	49,064.04	42,433.75
Additions	B	9.73	-	598.72	7,008.86	88.43	189.31	63.27	7,958.32 #	7,903.37
Sub-total	C=A+B	266.80	949.61	5,897.58	47,126.97	1,682.78	880.03	218.59	57,022.36	50,337.12
Less: Sales / transfer	D	7.08	17.16	10.39	282.90	60.41	49.51	-	427.45 #	1,273.08
Total	E=C-D	259.72	932.45	5,887.19	46,844.07	1,622.37	830.52	218.59	56,594.91	49,064.04
Depreciation										
Upto 31-03-2010	F	-	-	985.70	17,130.71	919.80	265.24	148.66	19,450.11	15,950.66
For the year	G	-	-	162.97	3,684.77	122.72	76.73	35.90	4,083.09	3,755.89
Sub-total	H=F+G	-	-	1,148.67	20,815.48	1,042.52	341.97	184.56	23,533.20	19,706.55
Deductions on sales/transfer	I	-	-	1.74	173.07	47.78	45.29	-	267.88	256.44
Total	J=H-I	-	-	1,146.93	20,642.41	994.74	296.68	184.56	23,265.32	19,450.11
Written down value										
As at 31-03-2011		259.72	932.45	4,740.26	26,201.66	627.63	533.84	34.03	33,329.59	-
As at 31-03-2010		257.07	949.61	4,313.16	22,987.40	674.55	425.48	6.66	-	29,613.93

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

Includes gain of Rs.54.56 lakhs (last year - Rs 1005.66 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

VI. CAPITAL WORK-IN-PROGRESS (AT COST)

	As at 31.03.2011	As at 31.03.2010
Buildings	1,088.08	173.73
Machinery under installation	2,197.48	957.61
	<u>3,285.56</u>	<u>1,131.34</u>



Schedules (continued)

	(Rupees in lakhs)	
	As at 31.03.2011	As at 31.03.2010
VII. INVESTMENTS (AT COST)		
1. Trade-Quoted (fully paid) - Long term		
i) Subsidiary		
TVS Motor Company Limited, Chennai - 4,20,00,000 equity shares of Re 1/- each (last year - 2,10,00,000 equity shares) (Vide Note No XXI 6)	210.00	210.00
ii) Others		
a) ICICI Bank Limited, Mumbai - 34,346 equity shares of Rs.10/- each (last year - 34,346 equity shares)	6.87	6.87
b) Housing Development Finance Corporation Limited, Mumbai - 3,48,700 equity shares of Rs.2/- each (last year - 69,740 equity shares of Rs.10/- each)	9.31	9.31
c) HDFC Bank Limited, Mumbai - 500 equity shares of Rs.10/- each (last year - 500 equity shares)	0.05	0.05
(A)	<u>226.23</u>	<u>226.23</u>
2. Trade-Unquoted (fully paid) - Long term		
Subsidiaries - Automotive related		
a) Anusha Investments Limited, Chennai - 5,00,000 equity shares of Rs.100/- each (last year - 5,00,000 equity shares)	500.00	500.00
b) TVS Energy Limited , Chennai - 45,00,000 equity shares of Rs 10 each (Last year - NIL) - (Vide Note No XXI 6)	450.00	-
Subsidiaries - Non - Automotive related		
c) TVS Investments Limited, Chennai - 2,71,88,318 equity shares of Rs 10/- each (last year - 2,71,88,318 equity shares)	4,459.37	4,459.37
d) Sundaram Investment Limited, Chennai - 1,00,000 equity shares of Rs. 5/- each (Last year - NIL)	5.00	-
(B)	<u>5,414.37</u>	<u>4,959.37</u>
3. Non-trade-Unquoted (partly paid up) - Long term		
Adyar Property Holding Company Limited, Chennai - 105 equity shares (last year - 105 equity shares) of Rs 100/- each (Rs.65/- per share paid-up)	0.07	0.07
(C)	<u>0.07</u>	<u>0.07</u>
4. Non-trade-Unquoted (fully paid up) - Long term		
a) Kalinavihar Dharshan Co-operative Housing Society Limited, Mumbai - NIL (Last year - 10 equity shares of Rs. 50/- each)	-	-
b) Arkay Energy (Rameswarm) Limited, Hyderabad - 10,50,000 equity shares of Rs.10/- each (last year - 10,50,000 equity shares)	105.00	105.00
c) ICICI Prudential Life Insurance Company Limited, Mumbai - Group Superannuation	554.63	554.63
(D)	<u>659.63</u>	<u>659.63</u>

Schedules (continued)

	(Rupees in lakhs)	
	As at 31.03.2011	As at 31.03.2010
5. Non-trade-quoted (fully paid up)- Short term		
a) SBI Mutual Fund of State Bank of India, Mumbai - NIL (last year - 1,46,044.867 units) in SBI Magnum Equity Fund - Growth option	-	54.70
b) Sundaram Asset Management Company Limited , Chennai 10,00,000 units (last year - 10,00,000 units) of Sundaram Energy Opportunities Fund - Growth option	100.00	100.00
c) 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
d) 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
e) L&T Mutual Fund, Mumbai - 4,22,221.254 units (last year - 4,22,221.254 units) of L& T Opportunities Fund - Cumulative plan	210.00	210.00
f) Birla Sunlife Asset Management Company Limited, Mumbai - NIL (last year 4,32,573.919 units) of Birla Sunlife Savings Fund - Institutional- Growth	-	75.12
g) Kotak Mahindra Asset Management Company Limited, Mumbai - NIL (last year - 10,34,473.05 units) of Kotak Floater - Long term - Growth	-	150.01
h) Reliance Capital Asset Management Company Limited, Mumbai - NIL (last year - 26,41,006.682 units) of Reliance Medium Term Fund- Retail - Growth	-	500.05
Less : Provision for diminution in value of investment in Mutual fund units	(180.91)	-
	(E) 537.41	1,498.20
Total Investments (A to E)	6,837.71	7,343.50
SUMMARY		
Quoted Investments	763.64	1,724.43
Unquoted Investments	6,074.07	5,619.07
	6,837.71	7,343.50
Short term	537.41	1,498.20
Long term	6,300.30	5,845.30
	6,837.71	7,343.50
Market value of quoted investments	28,514.58	19,480.32



Schedules (continued)

	(Rupees in lakhs)	
	As at 31.03.2011	As at 31.03.2010
VIII. INVENTORIES		
a) Automotive related		
Raw materials and components *	2,268.47	2,434.87
Work-in-process *	1,753.59	1,509.43
Finished goods *	7,999.26	4,902.73
Stores*	3,773.28	2,932.65
Goods in transit	807.04	51.65
b) Non - Automotive related		
Traded goods *	-	70.27
	<u>16,601.64</u>	<u>11,901.60</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		
IX. SUNDRY DEBTORS - UNSECURED, CONSIDERED GOOD		
a) Debts outstanding for a period exceeding six months		
- Considered good	24.29	7.16
- Considered doubtful	109.22	66.86
Total	<u>133.51</u>	<u>74.02</u>
b) Other debts	11,922.47	7,273.75
	<u>12,055.98</u>	<u>7,347.77</u>
Less: Provision for bad and doubtful debts	109.22	66.86
	<u>11,946.76</u>	<u>7,280.91</u>
X. CASH AND BANK BALANCES		
a) Cash and cheques on hand	47.83	42.48
b) With scheduled banks		
i) Current accounts	139.94	152.22
ii) Cash credit accounts	24.66	0.20
iii) Term deposit account	2.29	12.17
	<u>214.72</u>	<u>207.07</u>
XI. OTHER CURRENT ASSETS		
Interest accrued on investments and deposits	-	15.34
	<u>-</u>	<u>15.34</u>
XII. LOANS AND ADVANCES - UNSECURED, CONSIDERED GOOD		
a) Advances recoverable in cash or in kind or for value to be received	6,687.29	4,287.26
b) Deposits	724.69	509.47
c) Advance payment of tax less provision	427.06	341.45
	<u>7,839.04</u>	<u>5,138.18</u>
XIII. CURRENT LIABILITIES		
Sundry Creditors	11,796.81	4,519.73
	<u>11,796.81</u>	<u>4,519.73</u>
XIV. PROVISIONS		
a) Interim dividend payable	1,232.89	474.19
b) Pension	2,144.41	1,657.40
c) Leave salary	203.00	182.91
d) Warranty	267.51	254.71
e) Sales tax	195.06	198.67
f) Dividend tax	37.78	-
	<u>4,080.65</u>	<u>2,767.88</u>

Schedules (continued)

	(Rupees in lakhs)	
	As at / Year ended 31.03.2011	As at / Year ended 31.03.2010
XV. MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
Upfront fees on long term borrowings	73.30	72.97
	<u>73.30</u>	<u>72.97</u>
XVI. OTHER INCOME		
a) Sale of scrap & empties	2,814.20	1,172.59
b) Lease rent	0.48	24.42
c) Management services	1,188.00	1,242.83
d) Profit on sale of assets	212.94	143.32
e) Dividend - from subsidiary	1,715.00	1,369.00
f) Dividend - from others	29.29	24.75
g) Profit on sale of investments	28.42	7.94
h) Export Incentive	279.43	251.85
i) Miscellaneous income	119.90	335.47
j) Exchange gain - foreign currency monetary item translation difference	67.25	57.13
	<u>6,454.91</u>	<u>4,629.30</u>
XVII. MATERIALS CONSUMED		
Opening stock :		
Raw materials	2,434.87	3,319.53
Work-in-process	1,509.43	1,081.54
Finished goods	4,902.73	5,834.91
	<u>8,847.03</u>	<u>10,235.98</u>
Add : Purchases	44,864.65	22,500.16
Total	(a) 53,711.68	<u>32,736.14</u>
Less : Closing stock :		
Raw materials	2,268.47	2,434.87
Work-in-process	1,753.59	1,509.43
Finished goods	7,999.26	4,902.73
Total	(b) 12,021.32	<u>8,847.03</u>
Net	(a)-(b) 41,690.36	<u>23,889.11</u>
XVIII.COST OF TRADED GOODS SOLD - Non Automotive related		
Opening stock	70.27	26.54
Add :Purchases	127.40	503.44
	<u>197.67</u>	<u>529.98</u>
Less :Closing stock	-	70.27
	<u>197.67</u>	<u>459.71</u>



Schedules (continued)

	(Rupees in lakhs)	
	Year ended 31.03.2011	Year ended 31.03.2010
XIX. SALARIES & WAGES, STORES CONSUMED AND OTHER EXPENSES		
Salaries, wages and bonus (includes to managing directors Rs 87.73 lakhs - last year Rs 20.05 lakhs)	7,287.27	5,505.03
Stores and tools consumed (includes Rs.25.69 lakhs wages - last year Rs 41.42 lakhs)	6,464.88	4,971.16
Contribution to provident and other funds (includes to managing directors Rs.5.10 lakhs - last year Rs 2.20 lakhs)	1,089.55	557.94
Power and fuel	4,456.51	3,146.45
Workmen and staff welfare expenses (includes to managing directors - Rs 6.42 lakhs - last year Rs 1.91 lakhs)	1,253.17	824.85
Rent	247.76	176.01
Rates and taxes	76.03	65.01
Repairs and maintenance		
a) Building	687.42	636.48
b) Machinery	1,318.48	1,060.71
c) Other assets	50.91	40.92
Insurance	109.13	94.84
Commission	67.02	28.54
Audit fees (Vide Note No XXI 11)	29.82	24.97
Directors' sitting fees	3.75	4.65
Cash discount	170.51	17.76
Travel and conveyance	535.92	423.72
Packing and forwarding	3,508.26	1,666.95
Warehousing charges	714.86	564.76
Data processing	154.82	132.95
Research and development	17.37	8.77
Warranty expenses	124.05	463.80
Other expenses (includes to managing directors - Rs 0.62 lakhs - last year - Rs 0.21 lakhs)	1,794.89	1,919.61
Loss on sale of assets	94.52	37.06
	<u>30,256.90</u>	<u>22,372.94</u>
XX. INTEREST		
a) On fixed loans	962.72	855.83
b) Others	1,266.50	1,331.02
Total	(a) <u>2,229.22</u>	<u>2,186.85</u>
Less : Interest income		
On advances and deposits (gross)	41.53	134.50
Total	(b) <u>41.53</u>	<u>134.50</u>
	(a) - (b) <u>2,187.69</u>	<u>2,052.35</u>

Schedules (continued)

XXI. NOTES ON ACCOUNTS

(Rupees in lakhs)

As at / Year ended 31.03.2011	As at / Year ended 31.03.2010
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Preamble:

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

1 Accounting Standards**a) AS - 1 Disclosure of Accounting policies**

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

b) AS - 2 Valuation of Inventories

Inventories are valued in accordance with the method of valuation prescribed by The Institute of Chartered Accountants of India at lower of weighted average cost or net realisable value.

c) AS - 3 Cash flow statement

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

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

Disclosure of contingencies as required by the Accounting Standard is furnished in note no. 9

e) AS - 5 Net profit or loss for the period, prior period items and changes in accounting policies**i) Prior period debits included in profit and loss account:**

Salaries & wages	2.29	-
Other expenses	3.17	3.89

Prior period credits included in profit and loss account:

Sales	-	19.56
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ii) There are no changes in accounting policies.**f) AS - 6 Depreciation accounting**

Depreciation has been provided under the straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956 with applicable shift allowance. In respect of the assets added/sold during the year, pro-rata depreciation has been provided.

Depreciation in respect of computers and vehicles has been provided @ 30% and 18% respectively which are higher than the rate prescribed in Schedule XIV of the Companies Act, 1956.

Depreciation in respect of assets acquired during the year whose actual cost does not exceed Rs. 5,000/- has been provided at 100%



Schedules (continued)

XXI. NOTES ON ACCOUNTS (continued)

(Rupees in lakhs)

As at / Year ended 31.03.2011	As at / Year ended 31.03.2010
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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. 79.70 Lakhs (Last year - Rs.322.62 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	
	31.03.2011	31.03.2010
Gain / (Loss) arising from changes in foreign exchange rates relating to depreciable capital assets reduced / added to carrying cost of such assets	54.56	1,005.66
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".	10.12	187.23
Amortisation of "Foreign Currency Monetary Item Translation Difference Account" by crediting / (debiting) the Profit & Loss account.	67.25	57.13

Schedules (continued)

XXI. NOTES ON ACCOUNTS (continued)

(Rupees in lakhs)

As at / Year ended 31.03.2011	As at / Year ended 31.03.2010
-------------------------------------	-------------------------------------

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 16.80 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 diminutions is other than temporary in nature in the opinion of the management. Accordingly, a sum of Rs.180.91 lakhs has been provided during the year in respect of the following investments in mutual funds:

- Sundaram Energy Opportunities Fund with Sundaram Asset Management Company Limited, Chennai	21.50	-
- Tata Indo Global Infrastructure Fund with TATA Asset Management Limited, Mumbai	67.57	-
- JM Basic Fund with JM Financial Asset Management Private Limited, Mumbai	64.96	-
- L&T Opportunities Fund with L&T Mutual Fund, Mumbai	26.88	-
	<u>180.91</u>	<u>-</u>

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

1 TVS Energy Limited, Chennai	450.00	-
2 Sundaram Investment Limited, Chennai	5.00	-
3 SBI Mutual fund of State Bank of India, Mumbai	439.32	-
4 Sundaram BNP Paribas Asset Management Company Limited, Chennai	-	54.73
5 Reliance Capital Asset Management Limited, Mumbai	200.00	1,030.40
6 Birla Sunlife Asset Management Company Limited, Mumbai	320.02	350.02
7 Kotak Mahindra Asset Management Company Limited, Mumbai	-	300.01
Total	<u>1,414.34</u>	<u>1,735.16</u>

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

1 SBI Mutual fund of State Bank of India, Mumbai	494.02	-
2 Reliance Capital Asset Management Limited, Mumbai	700.05	560.35
3 Sundaram BNP Paribas Asset Management Company Limited, Chennai	-	102.71
4 Birla Sunlife Asset Management Company Limited, Mumbai	395.14	274.90
5 Kotak Mahindra Asset Management Company Limited, Mumbai	150.01	150.00
6 Auto (India) Engineering Limited, Chennai	-	5.01
7 ICICI Prudential Life Insurance Company Limited - Group Super Annuation	-	26.89
Total	<u>1,739.22</u>	<u>1,119.86</u>

Cost of investments held as at Balance Sheet date	7,018.62	7,343.50
Less : Provision for diminution in value of investment in mutual fund units	180.91	-
Net Cost of investments held as at Balance Sheet date	<u>6,837.71</u>	<u>7,343.50</u>

iii) **Investments in mutual funds are treated as quoted investments on the basis of declaration of Net Assets Value (NAV).**



Schedules (continued)

XXI. NOTES ON ACCOUNTS (continued)

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

During the year, there was no amalgamation

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

(Rupees in lakhs)

	Leave salary	Pension	Gratuity
(a) Expenses recognised in the Profit & Loss Account			
(i) Current service cost	76.43	–	53.04
(ii) Interest cost	12.12	131.39	46.12
(iii) Expected return on plan assets	–	–	(59.46)
(iv) Net actuarial loss /(gain) recognised in the year	(4.46)	386.35	49.55
Total	84.09	517.74	89.25
(b) Change in defined benefit obligation during the year ended 31 st March 2011			
(i) Present value of obligation as at beginning of the year (01.04.2010)	182.91	1,657.40	576.55
(ii) Interest cost	12.12	131.39	46.12
(iii) Current service cost	76.43	–	53.04
(iv) Benefits paid	(64.00)	(30.73)	(65.95)
(v) Actuarial loss on obligation	(4.46)	386.35	49.55
(vi) Present value of obligation as at the end of the year (31.03.2011)	203.00	2,144.41	659.31
(c) Change in fair value of plan assets during the year ended 31 st March 2011			
(i) Fair value of plan assets at the beginning of the year (01.04.2010)	–	–	668.82
(ii) Expected return on plan assets	–	–	59.46
(iii) Contributions made during the year	–	–	46.06
(iv) Benefits paid	–	–	(65.95)
(v) Actuarial gain on plan assets	–	–	–
(vi) Fair value of plan assets as at the end of the year 31 st March 2011	–	–	708.39
(d) Balance Sheet movements			
(i) Value of benefit obligations / (net assets) at the beginning of the year (01-04-2010)	182.91	1,657.40	–
(ii) Contributions made during the year	–	–	46.06
(iii) Expenses	84.09	517.74	(89.25)
(iv) Benefits paid	(64.00)	(30.73)	–
(v) Value of benefit	203.00	2,144.41	(43.19)

Note: The net asset in respect of gratuity plan is not recognised as it is lying in irrevocable trust fund approved by Income tax authorities.

Schedules (continued)

XXI. NOTES ON ACCOUNTS (continued)

(Rupees in lakhs)

	As at / Year ended 31.03.2011	As at / Year ended 31.03.2010	
	Leave salary	Pension	Gratuity
(e) Actuarial assumptions			
(i) Discount rate used	8.00%	8.00%	8.00%
(ii) Expected return on plan assets	NA	NA	8.00%
Estimates of future salary increase considered in actuarial valuation takes into account the inflation, seniority and other relevant factors.			
p) AS - 16 Borrowing costs			
The borrowing cost has been treated in accordance with Accounting Standard on borrowing cost (AS 16) issued by The Institute of Chartered Accountants of India. During the year, a sum of Rs. 295.78 lakhs (last year Rs 310.44 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 204.18 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			
The Company has taken vehicles under operating lease arrangement. The lease period is for 60 months.			
The details of maturity profile of future operating lease payments are given below:			
a. The total of future minimum lease payments under Non-cancellable operating lease for each of the following periods:			
- Not later than one year		28.42	
- Later than one year and not later than five years		107.57	
- Later than five years		-	
b. Total of minimum sub-lease payments expected to be received under non-cancellable sub-leases at the Balance Sheet date		Not applicable	
c. Lease payments recognised in the Statement of Profit & Loss for the period		6.52	
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)

As at /	As at /
Year ended	Year ended
31.03.2011	31.03.2010

w) **AS - 23 Accounting for Investments in Associates in Consolidated Financial Statements**

- I) Sundram Non-Conventional Energy Systems Limited, Chennai (SNES) is an associate of Anusha Investments Limited, Chennai, which is a wholly owned subsidiary of the Company. Hence SNES 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 33.90% of equity share capital of TVS Finance & Services Limited, Chennai (TVS F&S). Hence TVS F & S is an associate of the company.
- III) TVS Wind Power Limited, Chennai is a subsidiary of TVS Energy Limited, Chennai, which is a subsidiary of the TVS Motor Company Limited, Chennai.
The Company holds indirectly 44.52% of the equity share capital of TVS Wind Power Limited, Hence, TVS Wind Power Limited is an associate of the Company,
Accordingly, the financial statements of SNES, TVS Wind Power Limited and TVS F&S are considered as associates 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
- Amortisation rates used

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

- Gross carrying amounts at the beginning and at the end of the period together with additions and deletions during the year

Opening balance		155.32	144.09
Additions during the year		63.27	12.75
Less: Deletions during the year		-	1.52
Total	(a)	218.59	155.32
Amortisation			
Opening balance		148.66	134.29
For the year		35.90	15.89
Less: Deletions during the year		-	1.52
Total amortisation	(b)	184.56	148.66
Closing balance	(a - b)	34.03	6.66

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

The Company has no interest in joint venture.

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

The carrying amount of the assets net of accumulated depreciation as on the balance sheet date is not less than the recoverable amount of those assets.

Schedules (continued)

XXI. NOTES ON ACCOUNTS (continued)

(Rupees in lakhs)

	As at / Year ended 31.03.2011	As at / Year ended 31.03.2010
ac) AS - 29 Provisions, contingent liabilities and contingent assets		
(i) Provisions		
In respect of warranty obligations, provision is made in accordance with terms of sale vide Schedule XIV to Balance sheet.		
(ii) Contingent liabilities		
Amount for which the Company is contingently liable is disclosed in note 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.		
2 (a) Amount of loan repayable within one year:		
Secured - from banks	19,169.09	9,861.00
Unsecured - from banks	6,222.75	3,655.48
- from subsidiary	-	5,000.00
2 (b) Details of Securities created for loans		
External Commercial Borrowings		
i) Secured by first and exclusive charge on specific plant and machinery situated at the Company's factory at Padi, Chennai.		
ii) Secured by exclusive charge by way of Hypothecation of specific movable assets, in the Company's factories at Padi, Chennai and at Mahindra World City, Chengalpattu, Kancheepuram District.		
Rupee Term Loans		
Exclusive charge on specific plant and machinery and other movable assets situated at the Company's plant at Mahindra World City - Chengalpattu, Kancheepuram District, at Padi, Chennai and at Belagondapalli, Hosur, Krishnagiri District.		
Working Capital Facilities		
First charge by way of hypothecation of current assets viz., stocks of raw materials, stock in process, semi finished and finished goods, stores and spares not relating to plant and machinery, (consumable stores and spares), bills receivable and book debts and all other movables located at the Company's factories at Padi, Chennai, Mahindra World City - Chengalpattu, Kancheepuram District and at Belagondapalli, Hosur, Krishnagiri District		
3 Dues from Subsidiaries		
Debtors include due from subsidiaries		
- Debts outstanding for a period exceeding six months	3.34	4.20
- Other debts	408.20	127.22
4 Dues from Subsidiaries		
Loans and advances include dues from subsidiaries		
- Anusha Investments Limited, Chennai	0.04	-
- Sundaram Auto Components Limited, Chennai	28.23	-
5 Sundry creditors include		
a) Investor Education and Protection fund - Unpaid dividend	40.50	38.54
b) Due to directors	48.03	0.55
c) Amount due to micro and small scale industrial units	475.87	146.46
d) Amount due to other industrial units	3,482.63	1,104.85



Schedules (continued)

XXI. NOTES ON ACCOUNTS (continued)

(Rupees in lakhs)

	As at / Year ended 31.03.2011	As at / Year ended 31.03.2010
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)	475.87	146.46
b) Interest (as no amount in overdue)	Nil	Nil
(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
6 Investment in Subsidiaries		
a) The Company holds 4,20,00,000 equity shares of Re.1 each and its subsidiary Anusha Investments Limited, Chennai holds 23,06,82,786 equity shares of Re.1 each in TVS Motor Company Limited, Chennai (TVSM). This aggregates to 57.40% of the paid up capital of TVSM. Hence TVSM is a subsidiary of the Company.		
b) The Company holds 45,00,000 equity shares of Rs.10 each and its subsidiary TVS Motor Company Limited, Chennai holds 5,17,50,000 equity shares of Rs.10 each in TVS Energy Limited, Chennai (TVS Energy). This aggregates to 60.81% of the paid up capital of TVS Energy. Hence TVS Energy is a subsidiary of the Company.		
7 Bank balance includes amount in respect of		
- Unclaimed dividends	40.50	38.54
- Balances lying with non-scheduled banks Bank of America, Chicago , USA		
- in current account	12.36	9.42
- Maximum balance lying with non-scheduled banks at any time during the year Bank of America, Chicago , USA	167.02	119.57
8 Loans and Advances include		
- Amount lying with central excise	0.96	1.53
9 Contingent liability not provided for		
a) On counter-guarantee given to bank	577.87	-
b) On letters of credit opened with banks	3,747.89	3,086.62
c) On partly paid shares	0.04	0.04
d) Capital commitments not provided	4,683.07	1,794.09
e) On guarantee furnished on behalf of employees	0.94	1.15
f) On account of future export obligations (under Export Promotion Capital Goods scheme and Advance Licence)	6,822.70	3,998.20
g) On excise duty payable on finished goods not cleared from the factory	17.03	15.56

Schedules (continued)

XXI. NOTES ON ACCOUNTS (continued)

(Rupees in lakhs)

	As at / Year ended 31.03.2011	As at / Year ended 31.03.2010
10 Tax deducted at source on		
a) Interest receipts	3.45	23.20
b) Contract income	66.68	53.86
c) Service charges	159.25	152.88
d) Miscellaneous income	31.34	86.15
11 Audit fees consist of		
a) Audit fees	16.00	16.00
b) Certification fees	2.50	2.50
c) Taxation matters	1.50	1.50
d) Other services	6.50	2.85
e) Reimbursement of expenses	3.32	2.12
12 Contribution to provident and other funds include		
(a) Gratuity as per scheme framed by Life Insurance Corporation of India (LIC)	51.50	3.50
(b) Pension fund	544.59	400.32
(c) Deposit linked insurance as per scheme framed by LIC	12.91	7.58
13 Repairs include		
Stores consumed	168.21	131.67
14 Liability contested and not provided for		
a) Excise duty	679.19	5.97
b) Customs duty	206.00	-
c) Wealth tax	14.61	14.61
d) Service tax	279.93	172.30
e) Others	96.92	57.75
15 Research and development expenditure incurred and claimed under Income Tax Act, 1961		
a) Revenue Expenditure - This consists of		
Salaries & wages	385.96	349.28
Tools & accessories	-	0.05
Consultancy	10.75	6.29
Testing expenses	17.37	8.76
Software/data processing	13.43	26.05
Foreign and inland travel	19.00	16.80
Administrative and other expenses	0.38	0.60
Total	<u>446.89</u>	<u>407.83</u>
b) Capital expenditure		
Plant & Machinery (included in total cost of additions of Rs.7,008.86 lakhs under Plant and Machinery, Dies & Jigs)	85.03	37.39
Buildings (included under capital work in Progress - Building - Rs.1,088.08 lakhs)	27.25	0.00
Plant and machinery (included under capital work-in-progress of machinery under installation - Rs.2,197.48 lakhs)	13.42	-
Total	<u>125.70</u>	<u>37.39</u>



Schedules (continued)

XXI. NOTES ON ACCOUNTS (continued)

(Rupees in lakhs)
Year ended 31.03.2011

16 Computation of net profit as per section 309(5) of the Companies Act, 1956 (the Act) read with Sections 198 and 349 of the Act.

Profit before tax as per profit and loss account	4,525.85
Add: Remuneration to managing directors	99.87
Book Depreciation	<u>4,083.09</u>
	<u>8,708.81</u>
Less: Depreciation as per section 350 of the Act	<u>3,905.35</u>
Profit as per section 349 of the Act	<u>4,803.46</u>
Commission payable to:	
Director -Strategy at 1% of the net profit as determined by the board	48.03

17 Disclosure made in terms of clause 32 of the Listing Agreement with Stock Exchanges

Particulars	Name of the Company	Amount outstanding as on 31-03-2011	Maximum amount due at any one time during the year	Amount outstanding as on 31-03-2010
a) Loans and advances				
(i) Loans and advances in the nature of loans made to subsidiary Company	Anusha Investments Limited, Chennai	-	290.00	-
(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, 1956	NIL	-	-	-
(iv) Loans and advances in the nature of loans made to firms/companies in which directors of the Company are interested	NIL	-	-	-
b) Investments by the Company				
(i) In subsidiary companies	TVS Energy Limited, Chennai. (45,00,000 Equity shares of Rs.10/- each fully paid up)	450.00	-	-
	TVS Investments Limited, Chennai (2,71,88,318 Equity shares of Rs.10/-fully paid up)	4,459.37	-	4,459.37
	Sundaram Investment Limited, Chennai (1,00,000 Equity shares of Rs 5/- each fully paid up)	5.00	-	-
	TVS Motor Company Limited, Chennai (4,20,00,000 equity shares of Re.1/- each fully paid up)	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)

18 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"> (i) Anusha Investments Limited, Chennai (AIL) - Direct Subsidiary of SCL (ii) TVS Investments Limited, Chennai (TVSI) - Direct Subsidiary of SCL (iii) TVS Motor Company Limited, Chennai (TVSM) - Indirect Subsidiary of SCL (iv) Sundaram Investment Limited, Chennai - Direct Subsidiary of SCL (v) TVS Energy Limited, Chennai (TVSEL) - Subsidiary of TVSM (vi) Sundaram Auto Components Limited, Chennai - Subsidiary of TVSM (vii) TVS Housing Limited, Chennai - Subsidiary of TVSM (viii) TVS Motor (Singapore) Pte. Limited, Singapore - (TVSM Singapore) - Subsidiary of TVSM (ix) TVS Motor Company (Europe) B.V. Amsterdam -(TVSM Europe) - Subsidiary of TVSM (x) PT TVS Motor Company Indonesia, Jakarta - Subsidiary of TVSM Singapore (xi) TVS Electronics Limited, Chennai (TVSE) - Subsidiary of TVSI (xii) TVS Capital Funds Limited, Chennai (TVS Cap) - Subsidiary of TVSI (xiii) TVS-E Access (India) Limited, Chennai - Subsidiary of TVSI (xiv) TVS-E Servicetec Limited, Chennai - Subsidiary of TVSI (xv) Sravanaa Properties Limited, Chennai - Subsidiary of TVSI (xvi) Tumkur Property Holdings Limited, Chennai -Subsidiary of TVSE (xvii) Prime Property Holdings Limited, Chennai - Subsidiary of TVSE (xviii) TVS Wind Energy Limited, Chennai - Subsidiary of TVSEL (xix) TVS Wind Power Limited, Chennai - Subsidiary of TVSEL |
| d) | Fellow Subsidiaries | <ul style="list-style-type: none"> (I) Indian Companies <ul style="list-style-type: none"> (i) Southern Roadways Limited, Madurai (ii) Sundaram Industries Limited, Madurai (iii) The Associated Auto Parts Limited, Mumbai (iv) TVS Interconnect Systems Limited, Madurai (v) TVS Logistics Services Limited, Madurai (vi) Lucas-TVS Limited, Chennai (vii) Sundaram Textiles Limited, Madurai (viii) NSM Holdings Limited, Madurai (ix) TVSNet Technologies Limited, Madurai (x) TOR Projects & Services Limited, Madurai (xi) NK Telecom Products Limited, Madurai (xii) NK Telesystems Limited, Madurai |



Schedules (continued)

XXI. NOTES ON ACCOUNTS (continued)

- (xiii) TVS Dynamic Global Freight Services Limited, Chennai
- (xiv) TVS Commutation Solutions Limited, Madurai
- (xv) TVS RHR Finished Vehicles Logistics Solutions Limited, Chennai
- (xvi) TVS GMR Aviation Logistics Limited, Madurai
- (xvii) Lucas Indian Service Limited, Chennai
- (xviii) TVS Automotive Systems Limited, Chennai
- (xix) TVS Automobile Solutions Limited, Madurai

- (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) Multipart Limited, United Kingdom
(formerly known as 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) TVS Logistics Investments USA Inc., USA
 - (xv) TVS America Inc., USA
 - (xvi) Manufacturers Equipment & Supply Co., USA
 - (xvii) Iranian Automotive Systems, Iran
 - (xviii) Sundaram Lanka Tyres Limited, Sri Lanka

- 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 their 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	17.09	–	–	–	–	–	17.09
		Sundaram Auto Components Limited	–	10.23	–	–	–	–	10.23
		Harita NTI Ltd, Chennai	–	–	–	208.51	–	–	208.51
			17.09 (14.66)	10.23 –	– –	208.51 (123.95)	– –	– –	235.83 (138.61)
2	Sale of goods (including sub contract charges received)	TVS Motor Company Ltd, Chennai	–	15,643.41	–	–	–	–	15,643.41
		TVS Electronics Ltd, Chennai	–	204.18	–	–	–	–	204.18
			–	15,847.59 (9,870.62)	– –	– –	– –	– –	15,847.59 (9,870.62)
3	Purchase of power	Sundram Non Conventional Energy Systems Ltd, Chennai	–	–	51.45	–	–	–	51.45
		TVS Energy Limited, Chennai	–	288.81	–	–	–	–	288.81
			–	288.81 (92.66)	51.45 (51.38)	– –	– –	– –	340.26 (144.04)
4	Rendering of services	TVS Motor Company Ltd, Chennai	–	1,031.65	–	–	–	–	1,031.65
		TVS Finance & Services Ltd, Chennai	–	–	2.49	–	–	–	2.49
		Sundaram Auto Components Ltd, Chennai	–	140.85	–	–	–	–	140.85
		TVS Electronics Ltd, Chennai	–	7.25	–	–	–	–	7.25
		TVS Energy Limited, Chennai	–	104.20	–	–	–	–	104.20
		Harita NTI Ltd, Chennai	–	–	–	34.08	–	–	34.08
			–	1,283.95 (1,086.49)	2.49 (4.38)	34.08 (13.45)	– –	– –	1,320.52 (1,104.32)
5	Receiving of services	TVS Motor Company Ltd, Chennai	–	182.73	–	–	–	–	182.73
		Sundaram Auto Components Limited, Chennai	–	9.00	–	–	–	–	9.00
		TVS E–Servicetec Limited, Chennai	–	67.12	–	–	–	–	67.12
			–	258.85 (59.72)	– –	– –	– –	– –	258.85 (59.72)
6	Lease rent received	Sundram Non Conventional Energy Systems Ltd, Chennai	–	–	0.48	–	–	–	0.48
			–	–	0.48 (23.36)	– –	– –	– –	0.48 (23.36)
7	Remuneration paid		–	–	–	–	99.87 (24.16)	0.05 (0.05)	99.92 (24.21)
8	Other transactions Rent paid	Anusha Investments Ltd, Chennai	–	2.75	–	–	–	–	2.75
		TVS Electronics Ltd, Chennai	–	2.48	–	–	–	–	2.48
			–	5.23 (6.34)	– –	– –	– –	– –	5.23 (6.34)
9	Finance Inter corporate deposits made and received back	Anusha Investments Ltd, Chennai	–	290.00	–	–	–	–	290.00
			290.00 (250.00)	– –	– –	– –	– –	– –	290.00 (250.00)

Previous year's figures are furnished in brackets.



Sundaram-Clayton Limited

Schedules (continued)

XXI. NOTES ON ACCOUNTS (continued)

20 Related party transactions (continued)

									(Rupees in lakhs)
Sl. No	Nature of transactions	Name of the Company	Holding	Subsidiaries	Associates	KMP - Significant influence	Key Management Personnel	Relative of Key Management Personnel	Total
	Inter corporate deposits repaid	TVS Motor Company Ltd, Chennai	-	5,000.00	-	-	-	-	5,000.00
			-	5,000.00	-	-	-	-	5,000.00
	Inter corporate deposits outstanding	TVS Motor Company Ltd, Chennai	-	-	-	-	-	-	-
			-	-	-	-	-	-	-
			-	(5,000.00)	-	-	-	-	(5,000.00)
	Investments made	TVS Energy Ltd, Chennai	-	450.00	-	-	-	-	450.00
		Sundaram Investment Limited, Chennai	-	5.00	-	-	-	-	5.00
			-	455.00	-	-	-	-	455.00
	Dividend received	TVS Motor Company Ltd, Chennai	-	315.00	-	-	-	-	315.00
		Anusha Investments Ltd, Chennai	-	1,400.00	-	-	-	-	1,400.00
			-	1,715.00	-	-	-	-	1,715.00
			-	(1,369.00)	-	-	-	-	(1,369.00)
	Interest Expenses paid	TVS Motor Company Limited, Chennai	-	162.34	-	-	-	-	162.34
			-	162.34	-	-	-	-	162.34
			-	(23.79)	-	-	-	-	(23.79)
	Interest income received	Anusha Investments Ltd, Chennai	-	0.97	-	-	-	-	0.97
			-	0.97	-	-	-	-	0.97
			-	(62.42)	-	(0.08)	-	-	(62.50)
10	Outstanding as on 31 st March 2011	TVS Motor Company Ltd, Chennai	-	378.89	-	-	-	-	378.89
	Receivables	TVS Electronics Ltd, Chennai	-	4.49	-	-	-	-	4.49
		Sundaram Auto Components Ltd, Chennai	-	55.64	-	-	-	-	55.64
		TVS Investments Limited, Chennai	-	0.42	-	-	-	-	0.42
		TVS Finance and Services Ltd, Chennai	-	-	4.60	-	-	-	4.60
		TVS Housing Limited, Chennai	-	0.33	-	-	-	-	0.33
		Anusha Investments Ltd, Chennai	-	0.04	-	-	-	-	0.04
			-	439.81	4.60	-	-	-	444.41
			-	(131.42)	(1.08)	-	-	-	(132.50)
	Payables	T V Sundram Iyengar & Sons Ltd, Madurai	0.63	-	-	-	-	-	0.63
		TVS Energy Limited, Chennai	-	18.70	-	-	-	-	18.70
		TVS-E Servicetec Limited, Chennai	-	0.72	-	-	-	-	0.72
		Sundram Non Conventional Energy Systems Ltd, Chennai	-	-	1.07	-	-	-	1.07
		Harita NTI Ltd, Chennai	-	-	-	5.41	-	-	5.41
			0.63	19.42	1.07	5.41	-	-	26.53
			-	(1.46)	-	-	(0.59)	-	(2.05)

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 30th October 1973 of the Ministry of Corporate Affairs, Government of India)

In terms of Notification No SO 301 (E) dated 8th February 2011 of Ministry of Corporate Affairs, the board of directors has given consent for non disclosure of information relating to the quantitative details of turnover, raw material consumption, opening and closing stocks of goods produced constituting less than ten percent of the total value in line with the aforesaid notification.

(Rupees in lakhs)

	Year ended 31.03.2011	Year ended 31.03.2010
I. IMPORTS (CIF value)		
a) Raw materials	25,144.53	14,066.49
b) Spares, stores and components	1,183.28	85.31
c) Capital goods	4,179.48	1,599.69
d) Trading goods	127.40	479.65
II. EXPENDITURE IN FOREIGN CURRENCY		
a) Travel	76.94	49.54
b) Consultancy for Productivity improvement	201.42	21.29
c) Marketing Expenses	4.21	115.96
d) Manpower recruitment	-	11.27
e) Legal and trade marks	124.67	89.80
f) Subscriptions	5.59	10.08
g) Computer software	4.96	10.38
h) Rework charges	104.90	361.90
i) Interest on foreign currency loan	677.80	973.31
j) Warehousing fees	560.88	385.70
k) Salaries	72.26	96.66
l) Insurance	8.26	7.36
m) Rent	8.62	8.98
n) Repairs and Maintenance	20.83	36.23
o) Others	49.58	12.89
III. EARNINGS IN FOREIGN EXCHANGE		
a) Exports (on FOB basis)	27,541.82	16,186.14
b) Freight and insurance recovery	1,132.45	1,086.22
c) US tax Refund	-	0.02

venu srinivasan
Managing Director

gopal srinivasan
Director

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

Chennai
12th August, 2011

V N VENKATANATHAN
Executive Vice-President (Finance)

R RAJA PRAKASH
Company Secretary

M BALASUBRAMANIAM
Partner
Membership No. F7945



Sundaram-Clayton Limited

Cash Flow Statement for the year ended 31st March 2011

	Year ended 31.03.2011	Year ended 31.03.2010
		(Rupees in lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and extraordinary items	4,525.84	1,366.83
Adjustments for:		
Depreciation	4,083.09	3,755.89
Other Non Cash Items:		
- Exchange gain - Foreign Currency Monetary item translation difference	(67.25)	(57.13)
- Miscellaneous expenditure written off	24.79	701.84
- Provision for diminution in value of investments	180.91	-
Profit on sale of investments	(28.42)	(7.94)
Dividend received	(1,744.29)	(1,393.75)
Profit on sale of fixed assets	(212.94)	(143.32)
Loss on sale / scrap of fixed assets	94.52	37.06
Interest income	(41.53)	(134.50)
Interest expense	2,229.22	2,186.85
	<u>4,518.10</u>	<u>4,945.00</u>
Operating profit before working capital changes	9,043.94	6,311.83
Adjustments for:		
Inventories	(4,700.04)	599.47
Sundry debtors	(4,665.85)	1,386.78
Other current assets	15.34	7.42
Loans and advances	(2,615.25)	1,507.06
Current liabilities	7,277.08	538.17
Provisions	516.29	414.97
	<u>(4,172.43)</u>	<u>4,453.87</u>
	4,871.51	10,765.70
Direct taxes paid	(676.45)	(291.66)
Net cash from operating activities	(A) 4,195.06	10,474.04
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to fixed assets including capital work in progress	(10,167.10)	(6,141.90)
Deletion to fixed assets (net of depreciation)	159.57	1,016.64
Profit on sale of fixed assets	212.94	143.32
Loss on sale / scrap of fixed assets	(94.52)	(37.06)
Redemption of investments	1,739.22	1,119.86
Purchase of investments	(1,414.34)	(1,735.16)
Profit on sale of investments	28.42	7.94
Interest received	41.53	134.50
Dividend received	1,744.29	1,393.75
Net Cash used in investing activities	(B) (7,749.99)	(4,098.11)

Cash Flow Statement for the year ended 31st March 2011 (continued)

		Year ended 31.03.2011	Year ended 31.03.2010
			(Rupees in lakhs)
C CASH FLOW FROM FINANCING ACTIVITIES			
Long term borrowings:			
Secured loans availed / (repaid)		2,469.45	(1,078.99)
Unsecured loans repaid		(2,260.05)	(4,658.28)
Interest paid		(2,229.22)	(2,186.85)
Dividend paid		(1,426.32)	(379.36)
Miscellaneous expenditure not written off - Upfront fees on loans		(25.12)	(26.04)
Net cash from financing activities	(C)	<u>(3,471.26)</u>	<u>(8,329.52)</u>
D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(A+B+C)	(7,026.19)	(1,953.59)
Opening cash and cash equivalents (01-04-2010)			
Cash and bank balances		207.07	242.90
Cash credit utilisation		<u>(6,551.80)</u>	<u>(4,634.04)</u>
		(6,344.73)	(4,391.14)
Closing cash and cash equivalents (31-03-2011)			
Cash and bank balances		214.72	207.07
Cash credit utilisation		<u>(13,585.64)</u>	<u>(6,551.80)</u>
		(13,370.92)	(6,344.73)

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
12th August, 2011

V N VENKATANATHAN
Executive Vice-President (Finance)

R RAJA PRAKASH
Company 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	Sundaram Investment Limited, Chennai	TVS Energy Limited, Chennai
1. Financial year of the subsidiaries ended on	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011
2. Shares of the subsidiaries held by the Company as on 31 st March 2011					
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	4,20,00,000 Equity shares of Re 1/- each fully paid	1,00,000 Equity shares of Rs 5/- each fully paid	45,00,000 Equity shares of Rs 10/- each fully paid
b) Extent of holding	100%	100%	8.84%	100%	8%
3. Net aggregate amount of profit/losses of the subsidiaries not dealt with in the company's account so far as it concerns the members of the holding company	Rs. In lakhs	Rs. In lakhs	Rs In lakhs	Rs In lakhs	Rs In lakhs
a) for the financial year of the subsidiary	693.98	89.79	1,405.10	(0.12)	(33.06)
b) for the previous financial years since they became subsidiaries	4,288.38	1,040.17	7,727.80	-	-
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	Rs. In lakhs	Rs. In lakhs
a) for the financial year of the subsidiary	1,400.00	-	315.00	-	-
b) for the previous financial years since they became subsidiaries	8,555.00	165.00	1,808.00	-	-
5. Change of interest of the Company in the subsidiaries between the end of the financial year of the subsidiary and the financial year of the Company.	Not applicable as the subsidiaries close the accounts on 31 st March				
6. Material changes between the end of the financial year of the subsidiary and the end of financial year of the Company in respect of subsidiaries	Not applicable as the subsidiaries close the accounts on 31 st March				
i) Fixed assets					
ii) Investments					
iii) Money lent					
iv) Borrowings other than for meeting current liabilities					

- Notes :
1. TVS Electronics Limited (TVSE), Chennai, is a subsidiary of TVS Investments Limited (TVSI), Chennai, which is a 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, which is a subsidiary of TVSI. Hence, they are subsidiaries of SCL u/s 4(1)(c) of the Act.
 3. Sravanaa Properties Limited, Chennai, TVS-E Access India Limited, Chennai and TVS-E Servicetec Limited, Chennai are wholly owned subsidiaries of TVSI. Hence, they are subsidiaries of SCL u/s 4(1)(c) of the Act.
 4. SCL 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 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 Housing 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 (TVSM Singapore) and TVS Motor Company (Europe) B.V., Amsterdam, are wholly owned subsidiaries of TVSM. Hence they are subsidiaries of SCL u/s 4(1)(c) of the Act.
 8. PT.TVS Motor Company Indonesia, Jakarta, is a subsidiary of TVSM Singapore, which is a wholly owned subsidiary of TVSM. Hence, it is a subsidiary of SCL u/s 4(1)(c) of the Act.
 9. SCL and its subsidiary TVSM together hold 100% of the paid up equity capital of TVS Energy Limited, Chennai. Hence, TVS Energy Limited is a subsidiary of SCL u/s 4(1)(b) of the Act.
 10. TVS Wind Energy Limited, Chennai, is a wholly owned subsidiary of TVS Energy Limited and hence, it is a subsidiary of SCL u/s 4(1)(c) of the Act.
 11. TVS Wind Power Limited, Chennai, is a subsidiary of TVS Energy Limited, which is a subsidiary of TVSM. Hence, it is a subsidiary of SCL u/s 4(1)(c) of the Act.

VENU SRINIVASAN
Managing Director

GOPAL SRINIVASAN
Director

Chennai
12th August, 2011

V N VENKATANATHAN
Executive Vice-President (Finance)

R RAJA PRAKASH
Company 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 Rights issue

Bonus 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)

Non ferrous gravity and pressure die castings



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

Auditors' report on consolidated accounts

We have audited the attached consolidated Balance Sheet of M/s.Sundaram-Clayton Limited, Chennai 600 006, and its subsidiaries as at 31st March 2011 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 report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 on "Consolidated Financial Statements" read with Accounting Standard 23 on "Accounting for Investments in Associates" issued by The Institute of Chartered Accountants of India, on the basis of the individual financial statements of Sundaram-Clayton Limited, Chennai, its subsidiaries viz., (1) Anusha Investments Limited, Chennai; (2) TVS Motor Company Limited, Chennai; (3) Sundaram Auto Components Limited, Chennai; (4) TVS Energy Limited, Chennai; (5) TVS Housing Limited, Chennai; (6) TVS Motor (Singapore) Pte Limited, Singapore; (7) TVS Motor Company (Europe) B.V., Amsterdam; (8) PT. TVS Motor Company Indonesia, Jakarta; (9) TVS Wind Energy Limited, Chennai; (10) TVS Investments Limited, Chennai; (11) Sundaram Investment Limited, Chennai; (12) TVS Electronics Limited, Chennai; (13) TVS Capital Funds Limited, Chennai; (14) TVS-E Access (India) Limited, Chennai; (15) TVS-E Servicetec Limited, Chennai; (16) Sravanaa Properties Limited, Chennai; (17) Tumkur Property Holdings Limited, Chennai; and (18) Prime Property Holdings Limited, Chennai, and its associates, viz., (1) Sundram Non Conventional Energy Systems Limited, Chennai; (2) TVS Finance & Services Limited, Chennai; and (3) TVS Wind Power Limited, Chennai.

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

presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the following subsidiaries for the year ended 31st March 2011. The financial statements and other information of the subsidiaries have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is solely based on the reports of the other auditors.

1. TVS Motor Company (Europe) B.V., Amsterdam;
2. TVS Motor (Singapore) Pte. Ltd., Singapore;
3. PT. TVS Motor Company Indonesia, Jakarta;
4. TVS Housing Limited, Chennai;
5. TVS Energy Limited, Chennai;
6. TVS Wind Energy Limited, Chennai;
7. TVS Capital Funds Limited, Chennai;
8. Sravanaa Properties Limited, Chennai;
9. Tumkur Property Holdings Limited, Chennai; and
10. Prime Property Holdings Limited, Chennai,

In our opinion, and based on our audit, the consolidated financial statements referred to above give a true and fair view of the financial position of M/s.Sundaram-Clayton Limited, its subsidiaries and associates as at 31st March 2011 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

Place : Chennai
Date : 12th August 2011

Membership No. F7945



Sundaram-Clayton Limited

Consolidated Balance Sheet as at 31st March 2011

(Rupees in lakhs)

	Schedule number		As at 31.03.2011		As at 31.03.2010
I. SOURCES OF FUNDS					
1. Shareholders' funds					
Capital	I	1,896.76		1,896.76	
Reserves and surplus	II	<u>55,390.05</u>		<u>51,589.51</u>	
			57,286.81		53,486.27
2. Share application money pending for allotment			75.00		–
3. Minority interest	III		33,836.24		30,229.62
4. Loans					
Secured loans	IV	119,877.15		127,800.18	
Unsecured loans	V	<u>31,801.95</u>		<u>25,842.16</u>	
			151,679.10		153,642.34
5. Deferred Taxation (net of deferred tax assets)	VI		5,090.25		7,419.81
6. Foreign Currency Monetary Item Translation difference			10.14		1,351.13
			<u>247,977.54</u>		<u>246,129.17</u>
II. APPLICATION OF FUNDS					
1. Fixed Assets					
Gross block	VII	308,428.37		277,947.20	
Less: Depreciation		<u>145,095.67</u>		<u>130,199.27</u>	
Net block			163,332.70		147,747.93
Capital work-in-progress			9,050.20		4,109.12
2. Investments	VIII		30,183.06		44,530.86
3. Current assets, loans and advances					
Inventories	IX	78,317.14		47,632.58	
Sundry debtors	X	42,650.37		34,256.98	
Cash & bank balances	XI	12,340.47		15,818.67	
Other current assets	XII	175.88		235.07	
Loans & advances	XIII	<u>43,843.00</u>		<u>41,894.30</u>	
	(a)	<u>177,326.86</u>		<u>139,837.60</u>	
Less: Current liabilities and provisions					
Current liabilities	XIV	120,503.18		84,648.51	
Provisions	XV	<u>11,486.06</u>		<u>8,955.38</u>	
	(b)	<u>131,989.24</u>		<u>93,603.89</u>	
Net current assets	(a)-(b)		45,337.62		46,233.71
4. Miscellaneous expenditure (to the extent not written off or adjusted)	XVI		73.96		3,507.55
			<u>247,977.54</u>		<u>246,129.17</u>
Notes on accounts	XXII				

VENU SRINIVASAN
Managing Director

GOPAL SRINIVASAN
Director

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

Chennai
12th August, 2011

V N VENKATANATHAN
Executive Vice-President (Finance)

R RAJA PRAKASH
Company Secretary

M BALASUBRAMANIAM
Partner
Membership No. F7945

Consolidated Profit & Loss Account for the year ended 31st March 2011

	Schedule number	Year ended 31.03.2011	(Rupees in lakhs) Year ended 31.03.2010
Sales (Gross)		784,922.82	546,757.05
Less: Excise duty		61,954.69	30,566.09
Sales (Net)		722,968.13	516,190.96
Income from finance operations		-	1,409.18
Other Income	XVII	17,206.68	21,879.35
Foreign Currency Monetary item translation difference		1,766.39	1,351.13
Total	(c)	741,941.20	540,830.62
Materials consumed	XVIII	508,695.47	346,432.16
Cost of traded items	XIX	3,457.99	3,864.26
Salaries & wages, stores consumed and other expenses	XX	181,794.67	162,469.74
Interest (net)	XXI	11,685.96	14,793.94
Depreciation		18,098.23	18,202.58
Total	(d)	723,732.32	545,762.68
Profit / (Loss) for the year before tax	(c)-(d)=(e)	18,208.88	(4,932.06)
Provision for - Income tax		8,271.38	3,137.43
- Deferred tax		(2,329.56)	(3,533.89)
Profit / (Loss) for the year after tax		12,267.06	(4,535.60)
Pro rata share of (loss) / profit from associate		14.52	6.77
Profit / (Loss) for the year after share of profit from associate		12,281.58	(4,528.83)
Relating to parent company		6,463.13	(2,351.58)
Relating to minority shareholders		5,818.45	(2,177.25)
Tax relating to earlier years		28.40	49.26
Income/(expense) relating to earlier years		-	79.66
Profit after tax and expense relating to earlier years		12,309.98	(4,399.91)
Balance brought forward from previous year	(25,154.81)		(32,042.33)
Less: Transfer on cessation of subsidiary	-	(25,154.81)	19,541.81
Balance brought forward from the current year		12,309.98	(4,399.91)
Total		(12,844.83)	(16,900.43)
Interim dividend paid		1,960.97	898.29
Second Interim dividend payable		1,232.89	474.19
Tax on dividend including surcharge		1,110.31	683.48
Transfer to statutory reserve under Section 45 IC of the Reserve Bank of India Act, 1934		393.80	380.57
Transfer to general reserve		3,862.59	5,817.85
Balance carried to balance sheet - Parent company	(16,638.79)		(18,008.87)
- Minority interest	(4,766.60)		(7,145.94)
Total		(21,405.39)	(25,154.81)
Notes on accounts	XXII	(12,844.83)	(16,900.43)
Nominal value of equity shares (Rs)		5.00	5.00
Basic earnings per share in rupees on 3,79,35,168 shares		17.04	(6.20)
Diluted earnings per share in rupees		17.04	(6.20)

VENU SRINIVASAN
Managing Director

GOPAL SRINIVASAN
Director

As per our report annexed
For SUNDARAM & SRINIVASAN
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V N VENKATANATHAN
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R RAJA PRAKASH
Company Secretary

M BALASUBRAMANIAM
Partner
Membership No. F7945



Sundaram-Clayton Limited

Consolidated Schedules

		(Rupees in lakhs)	
	As at 31.03.2011	As at 31.03.2010	
I. SHARE CAPITAL – Parent Company			
Authorised			
4,00,00,000 Equity Shares of Rs.5/- each	<u>2,000.00</u>	<u>2,000.00</u>	
Issued, subscribed and paid-up			
3,79,35,168 Equity Shares of Rs 5/- each fully paid	<u>1,896.76</u>	<u>1,896.76</u>	
Of the above			
i) 94,460 Equity shares of Rs.10/- each have been allotted for consideration other than cash against supply of machinery			
ii) 1,70,09,529 Equity shares of Rs.10/- each have been allotted as bonus shares by capitalisation of general reserve to the extent of Rs.15,87,14,740/- and capitalisation of share premium of Rs.1,13,80,550/-			
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/-			
II. RESERVES AND SURPLUS			
Capital reserve - Parent company	3,397.00	3,397.00	
- On amalgamation	401.60	401.60	
- On consolidation	7,795.59	6,432.18	
- Others	104.23	104.23	
Less: Goodwill	<u>(937.39)</u>	<u>(937.39)</u>	9,397.62
Share premium	159.62		159.62
Investment subsidy	6.67		6.67
Statutory reserve under Section 45 IC of Reserve Bank of India Act, 1934	2,844.98		2,451.18
Foreign currency translation reserve	(1,670.34)		(1,323.64)
Investment allowance reserve	16.40		16.40
General reserve - as per last balance sheet	58,886.76		
Add: Transfer from profit & loss a/c by company	372.59		
Transfer on consolidation	650.98		
	<u>59,910.33</u>	58,886.76	
Less: Debit balance in profit & loss a/c	<u>(16,638.79)</u>	<u>(18,008.87)</u>	40,877.89
Employee stock option	0.15		3.77
Total	<u>55,390.05</u>	<u>55,390.05</u>	<u>51,589.51</u>
III. MINORITY INTEREST			
Share capital	2,795.12	1,783.10	
Reserves on consolidation	35,807.72	35,592.46	
Debit balance in Profit & Loss account	<u>(4,766.60)</u>	<u>(7,145.94)</u>	30,229.62
	<u>33,836.24</u>	<u>33,836.24</u>	<u>30,229.62</u>
IV. SECURED LOANS			
External commercial borrowings	18,054.34		28,156.40
Term loans from banks and financial institutions	22,466.41		68,503.76
Cash credit from banks	79,356.40		31,140.02
	<u>119,877.15</u>		<u>127,800.18</u>

(The description of securities are furnished in the annual reports of the respective companies.)

Consolidated Schedules

(Rupees in lakhs)

	As at 31.03.2011	As at 31.03.2010
V. UNSECURED LOANS		
Long term		
From others	1,426.00	7,241.21
Short term		
From banks	16,628.89	8,331.46
Other deposits / loans	13,747.06	10,269.49
	<u>31,801.95</u>	<u>25,842.16</u>
VI. DEFERRED TAXATION (NET)		
Deferred tax liabilities		
Tax on depreciation	14,865.34	15,138.42
Tax on amortisation of moulds and dies	5,644.17	5,920.69
(a)	20,509.51	21,059.11
Less: Deferred tax assets		
On employees' related schemes	981.75	819.67
On other timing differences	14,437.51	12,819.63
(b)	15,419.26	13,639.30
Net deferred tax liability	(a-b) <u>5,090.25</u>	<u>7,419.81</u>

VII. FIXED ASSETS

Description	Freehold Land	Lease hold Land	Buildings	Plant & Machinery, Dies & Jigs and Computers	Intellectual property rights	Furniture, Fixture, Office & Electrical Equipments	Vehicles	Others	Total as at	
									31.03.2011	31.03.2010
Cost of Assets										
As on 01-04-2010	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
Additions	300.23	154.00	2,003.22	33,079.27	-	1,037.14	297.56	428.72	37,300.14 #	17,433.80
Sub Total	5,602.15	2,340.52	40,044.03	252,045.64	800.00	10,649.76	1,891.95	1,873.29	315,247.34	304,944.65
Less: Sales / Transfer / discarded	239.29	17.16	352.26	5,370.67	-	725.38	114.21	-	6,818.97	26,997.45
Total	5,362.86	2,323.36	39,691.77	246,674.97	800.00	9,924.38	1,777.74	1,873.29	308,428.37	277,947.20
Depreciation/Amortisation										
Upto 31-03-2010	-	53.44	7,851.13	113,305.73	563.67	6,385.51	853.13	1,186.66	130,199.27	115,020.61
For the year	-	22.00	1,303.52	15,326.05	76.00	880.91	178.72	311.03	18,098.23	18,202.58
Sub Total	-	75.44	9,154.65	128,631.78	639.67	7,266.42	1,031.85	1,497.69	148,297.50	133,223.19
Deductions on sales/transfer/discarded	-	-	125.61	2,330.30	-	640.66	105.26	-	3,201.83	3,023.92
Total	-	75.44	9,029.04	126,301.48	639.67	6,625.76	926.59	1,497.69	145,095.67	130,199.27
Written down value										
As at 31-03-2011	5,362.86	2,247.92	30,662.73	120,373.49	160.33	3,298.62	851.15	375.60	163,332.70	-
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

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 31.03.2011	As at 31.03.2010
Building under construction	1,141.08	375.70
Machinery in transit/installation	7,904.92	3702.20
Others	4.20	31.22
Total	<u>9,050.20</u>	<u>4109.12</u>



Consolidated Schedules (continued)

(Rupees in lakhs)

	As at 31.03.2011	As at 31.03.2010
VIII. INVESTMENTS - (AT COST)		
QUOTED INVESTMENTS		
Trade	98.38	106.67
Non-trade	2,632.42	33,748.18
	(a)	(a)
	<u>2,730.80</u>	<u>33,854.85</u>
UNQUOTED INVESTMENTS		
Trade	23,709.95	9,025.11
Add: Pro-rata equity interest in associates (net)	68.75	54.34
Non-trade	3,673.56	1,596.56
	(b)	(b)
	<u>27,452.26</u>	<u>10,676.01</u>
Total investments	(a+b)	(a+b)
	<u>30,183.06</u>	<u>44,530.86</u>
Short term investments	4,863.70	32,816.40
Long term investments	25,319.36	11,714.46
	<u>30,183.06</u>	<u>44,530.86</u>
Aggregate market value of quoted investments	7,019.23	35,784.92
IX. INVENTORIES		
Raw materials and components *	24,277.10	15,482.46
Work-in-process *	6,804.57	4,537.95
Finished goods *	30,157.22	14,831.63
Stores *	9,937.55	9,673.65
Goods-in-transit at cost	4,314.24	2,393.85
Land held as stock in trade	2,188.68	-
Traded items at cost	637.78	713.04
	<u>78,317.14</u>	<u>47,632.58</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.		
X. SUNDRY DEBTORS-UNSECURED		
Debts outstanding for a period exceeding six months		
- Considered good	2,540.75	2,092.32
- Considered doubtful	1,060.25	1,289.75
Total	<u>3,601.00</u>	<u>3,382.07</u>
Other debts	40,109.62	32,164.66
	<u>43,710.62</u>	<u>35,546.73</u>
Less: Provision for bad and doubtful debts	1,060.25	1,289.75
	<u>42,650.37</u>	<u>34,256.98</u>
XI. CASH AND BANK BALANCES		
Cash, cheques and stamps on hand	72.94	974.41
With scheduled banks		
Current accounts	1,225.77	4,381.15
Term deposit account	9,997.99	6,729.60
Cash credit account	124.66	2,165.20
Escrow Account	0.28	0.28
With others		
Balance with Non-Scheduled Banks	918.83	1,568.03
	<u>12,340.47</u>	<u>15,818.67</u>

Consolidated Schedules (continued)

	As at / Year ended 31.03.2011	(Rupees in lakhs) As at / Year ended 31.03.2010
XII. OTHER CURRENT ASSETS		
Interest accrued on investments and deposits	175.88	235.07
	<u>175.88</u>	<u>235.07</u>
XIII. LOANS AND ADVANCES		
Unsecured, considered good		
Inter corporate advances	14,419.93	25,038.29
Tax deducted at source and advance tax - net of provisions	2,699.54	967.01
Advances recoverable in cash or in kind or for value to be received	22,365.70	12,012.24
Deposits	4,357.83	3,876.76
	<u>43,843.00</u>	<u>41,894.30</u>
XIV. CURRENT LIABILITIES		
Sundry creditors	116,445.25	80,824.94
Unexpired service contracts	25.36	18.57
Other liabilities	4,032.57	3,805.00
	<u>120,503.18</u>	<u>84,648.51</u>
XV. PROVISIONS		
Interim dividend payable	1,232.89	474.19
Dividend tax	499.79	217.78
Pension	6,356.89	5,458.74
Leave salary	890.48	787.94
Warranty	1,999.95	1,610.16
Employee benefit scheme	27.43	41.42
Diminution in value of investments	181.85	10.50
Others	296.78	354.65
	<u>11,486.06</u>	<u>8,955.38</u>
XVI. MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
New product launch expenses	-	3,381.00
Upfront fee on long term loans	73.30	108.97
Other expenses	0.66	17.58
	<u>73.96</u>	<u>3,507.55</u>
XVII. OTHER INCOME		
Sale of scrap & empties	2,951.79	1,263.44
Lease rent	0.48	24.42
Management services	2,865.75	1,709.38
Profit on sale of assets	601.09	11,080.69
Dividend	72.05	68.72
Profit on sale of investments	1,015.70	735.32
Miscellaneous income	9,694.41	6,979.76
Write back of provision for diminution in value of investments	-	11.50
Rent receipts	5.41	6.12
	<u>17,206.68</u>	<u>21,879.35</u>



Consolidated Schedules (continued)

		(Rupees in lakhs)
	Year ended 31.03.2011	Year ended 31.03.2010
XVIII. MATERIALS CONSUMED		
Opening stock :		
Raw materials	15,482.46	17,961.21
Work-in-process	4,537.95	3,480.94
Finished goods	14,831.63	16,266.68
	<u>34,852.04</u>	<u>37,708.83</u>
Add : Purchases	535,082.32	343,575.37
Total	(a) <u>569,934.36</u>	<u>381,284.20</u>
Less : Closing stock :		
Raw materials	24,277.10	15,482.46
Work-in-process	6,804.57	4,537.95
Finished goods	30,157.22	14,831.63
Total	(b) <u>61,238.89</u>	<u>34,852.04</u>
Net	(a)-(b) <u>508,695.47</u>	<u>346,432.16</u>
XIX. COST OF TRADED ITEMS		
Opening stock	713.04	583.46
Add : Purchases	3,382.73	3,993.84
Total	<u>4,095.77</u>	<u>4,577.30</u>
Less : Closing stock	637.78	713.04
Net	<u>3,457.99</u>	<u>3,864.26</u>
XX. SALARIES & WAGES, STORES CONSUMED AND OTHER EXPENSES		
Salaries, wages and bonus	42,528.75	33,506.01
Contribution to provident and other funds	3,210.67	2,856.48
Workmen and staff welfare expenses	4,956.68	3,671.14
Stores and tools consumed	11,672.54	8,696.92
Power and fuel	12,865.66	9,436.85
Rent	2,295.05	1,850.19
Rates and taxes	669.21	796.51
Repairs and maintenance		
Building	1,697.82	1,354.39
Machinery	6,785.63	5,749.59
Other assets	941.36	993.82
Insurance	497.87	438.88
Directors' sitting fees	15.45	17.23
Commission to independent directors	40.00	14.00
Audit fees (including service tax)	97.66	100.99
Packing and forwarding	24,629.62	16,137.06
Advertisement and publicity	17,567.00	19,444.00
Marketing expenses	19,094.00	17,807.00
Sales commission	3,273.25	4,845.00
Cash discount	23.51	17.76
Loss on sale of fixed assets	1,620.65	85.01
Other expenses	23,863.38	32,630.41
Provision for bad and doubtful debts	15.32	1,825.50
Miscellaneous expenditure written off	3,433.59	195.00
	<u>181,794.67</u>	<u>162,469.74</u>

Consolidated Schedules (continued)

	Year ended 31.03.2011	(Rupees in lakhs) Year ended 31.03.2010
XXI. INTEREST		
a) On fixed loans	8,206.18	10,632.68
b) Others	3,878.40	5,913.04
Total (A)	<u>12,084.58</u>	<u>16,545.72</u>
Less : Interest income		
a) On non-trade investments (gross)	69.49	0.17
b) On advances and deposits (gross)	329.13	1,751.61
Total (B)	<u>398.62</u>	<u>1,751.78</u>
(A) - (B)	<u>11,685.96</u>	<u>14,793.94</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 associates are prepared under the historical cost convention and comply with the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

B. Principles of consolidation

The consolidated accounts have been prepared based on line-by-line consolidation by adding together the book values of like items of assets, liabilities, income and expenses as per the accounts of the parent company and its subsidiaries duly certified by the auditors of the respective companies. Intra-group balances, intra-group transactions and the unrealised profit on stocks arising out of intra-group transactions have been eliminated.

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

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

C. Translation of foreign currency statements

In translating the financial statements of foreign entities for incorporation in the consolidated financial statements, the assets and liabilities are translated at the exchange rates prevailing at the date of Balance Sheet of the respective subsidiaries and income and expenditure are translated at the average of monthly closing rates of exchange for the year. The resulting exchange differences are classified as foreign currency translation reserve.

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

Name of the subsidiary company	Country of incorporation	Shareholding as on	Extent of holding (%)	
			Direct	Indirect
A. Subsidiaries:				
Anusha Investments Ltd, Chennai	India	31-03-2011	100.00	-
TVS Investments Ltd, Chennai	India	31-03-2011	100.00	-
TVS Motor Company Ltd, Chennai	India	31-03-2011	8.84	48.56
Sundaram Auto Components Ltd, Chennai	India	31-03-2011	-	57.40
TVS Motor (Singapore) Pte Ltd, Singapore	Singapore	31-03-2011	-	57.40
TVS Motor Company (Europe) B.V., Amsterdam	Netherlands	31-03-2011	-	57.40
PT TVS Motor Company Indonesia, Jakarta	Indonesia	31-03-2011	-	57.40
TVS Energy Ltd., Chennai	India	31-03-2011	8.00	52.81
TVS Wind Energy Ltd., Chennai	India	31-03-2011	-	60.81
TVS Housing Ltd., Chennai	India	31-03-2011	-	57.40
TVS Electronics Ltd, Chennai	India	31-03-2011	-	59.72
TVS Capital Funds Ltd, Chennai	India	31-03-2011	-	88.00
TVS-E Access India Ltd, Chennai	India	31-03-2011	-	90.91
TVS-E Servicetec Ltd, Chennai	India	31-03-2011	-	100.00
Sravanaa Properties Ltd, Chennai	India	31-03-2011	-	100.00
Tumkur Property Holdings Ltd, Chennai	India	31-03-2011	-	59.72
Prime Property Holdings Ltd, Chennai	India	31-03-2011	-	59.72
Sundaram Investment Ltd, Chennai	India	31-03-2011	100.00	-
B. Associates:				
Sundram Non-Conventional Energy Systems Limited, Chennai	India	31-03-2011	-	23.53
TVS Wind Power Limited, Chennai	India	31-03-2011	-	44.52
TVS Finance & Services Limited, Chennai	India	31-03-2011	-	33.90



CONSOLIDATED NOTES ON ACCOUNTS (continued)

(Rupees in lakhs)

	As at / Year ended 31.03.2011	As at / Year ended 31.03.2010
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XXII. NOTES ON ACCOUNTS (continued)

1. Consolidation of accounts (continued)

E. Other Significant Accounting Policies

Accounting Standards 1 to 29 (wherever applicable) issued by The Institute of Chartered Accountants of India have been duly considered while preparing the accounts of each Company and the same have been explained in detail in the notes on accounts of the respective companies. These may be referred to. The statements made therein form part of the consolidated accounts. Accounts of subsidiaries located outside India have been prepared and audited in accordance with the laws of the respective countries.

2. Sundry creditors include

(a) Amount liable to be transferred to Investor Education and Protection fund:		
- Unpaid dividend	153.50	139.54
(b) Due to directors	823.03	0.55
(c) Amount due to Small Scale Industrial units	4,332.25	3,061.43
(d) Amount due to other industrial units	71,289.23	52,465.36

3 Bank balance

(a) in unpaid dividend account	153.50	139.54
(b) Balance lying with non - scheduled banks		
(i) HSBC Private Bank (Suisse) SA, Singapore		
- in 24 hours call deposit account	4.00	4.00
(ii) Bank of America, Chicago, USA		
- In Current Account	12.36	9.42
(iii) Industrial and Commercial Bank of China, China		
- in current account	13.83	11.03
(iv) Hatton National Bank, Sri Lanka		
- in current account	3.00	-
(c) Maximum balance lying with non-scheduled banks at any time during the year		
(i) HSBC Private Bank (Suisse) SA, Singapore	4.00	6.00
(ii) The Hongkong and Shanghai Banking Corpn. Ltd, Hongkong	-	13.00
(iii) Industrial and Commercial Bank of China, China	48.36	30.08
(iv) Bank of America, Chicago, USA	167.02	119.57
(v) Hatton National Bank, Sri Lanka	3.00	-

4 Loans and advances include

(a) Deposit with central excise	132.08	21.67
(b) Deposits with sales tax	234.95	260.94
(c) Deposit with post office	0.71	2.62
(d) Deposit with entry tax	118.32	48.11

CONSOLIDATED NOTES ON ACCOUNTS (continued)

	As at / Year ended 31.03.2011	(Rupees in lakhs) As at / Year ended 31.03.2010
5 Contingent liability not provided for		
(a) On counter guarantees given to bankers	2,367.42	868.51
(b) On letters of credit opened with bankers	16,723.90	13,194.44
(c) On partly paid shares	0.04	0.04
(d) Estimated amount of contracts remaining to be executed on capital account	6,077.77	1,799.77
(e) On guarantees furnished on behalf of employees	125.94	126.15
(f) On account of future export obligations (under Export Promotion Capital Goods Scheme)	6,822.70	3,998.20
(g) On bills discounted	2,317.16	1,752.62
(h) Capital commitment	8,026.40	9,430.50
(i) Others	767.41	235.45
6 Tax deducted at source on		
(a) Interest receipts	305.72	338.11
(b) Service Charges	232.57	247.84
(c) Rent	1.06	0.93
(d) Contract income	76.97	56.71
(e) Other income	34.87	89.91
7 Repairs include		
(a) Stores consumed	3,287.59	2,875.10
(b) Wages	767.71	668.66
8 Liability contested and not provided for		
(a) Excise duty	5,605.77	2,882.11
(b) Income tax	7,664.32	5,925.81
(c) Wealth tax	14.61	14.61
(d) Sales tax	661.53	504.83
(e) Service tax	1,933.29	1,795.14
(f) Customs	329.25	163.53
(g) Electricity Tax	18.00	63.00
(h) Employee settlement claims	6.00	6.00
(i) Compensation for land acquisition	181.00	-
(j) Others	96.92	85.75
9 Last year's figures have been regrouped wherever necessary to conform to this year's classification		



Sundaram-Clayton Limited

CONSOLIDATED NOTES ON ACCOUNTS (continued)

10. Segment revenues, results and other information

Information about primary business segments

Rs in Lakhs

Particulars	Business segment											
	Automotive components		Motor Vehicles		Computer peripherals		Financial Services		Others		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
External sales - domestic	98,383.29	95,248.00	505,441.27	345,553.00	21,330.91	23,624.84	1,733.39	7,870.22	15.70	572.66	626,904.56	472,868.72
- exports	27,922.25	16,186.14	85,348.00	51,718.00	-	57.76	-	-	-	-	113,270.25	67,961.90
Inter segment sales	28,317.24	19,911.16	47,476.00	59,737.99	740.13	277.99	-	2,153.43	-	474.34	76,533.37	82,554.91
Total sales	154,622.78	131,345.30	638,265.27	457,008.99	22,071.04	23,960.59	1,733.39	10,023.65	15.70	1,047.00	816,708.18	623,385.53
Less: Inter segment sales	28,317.24	19,911.16	47,476.00	59,737.99	740.13	277.99	-	2,153.43	-	474.34	76,533.37	82,554.91
Net Revenue	126,305.54	111,434.14	590,789.27	397,271.00	21,330.91	23,682.60	1,733.39	7,870.22	15.70	572.66	740,174.81	540,830.62
Segment results before interest and tax	6,573.05	3,745.05	22,578.00	3,488.00	188.80	(162.66)	(1,143.56)	897.42	(67.84)	542.94	28,128.45	8,510.75
Add: Inter segment revenue											14.52	6.77
Add: Amortisation of foreign currency translation reserve											1,766.39	1,351.13
Less: Interest											(11,685.96)	(14,783.94)
Profit before tax											18,223.40	(4,925.29)
Taxes											(5,941.82)	(396.46)
Profit after tax											12,281.58	(4,528.83)
Segment Assets	91,701.13	73,145.83	238,934.00	229,241.00	12,336.13	14,225.49	10,517.21	5,863.50	27,246.77	8,848.78	380,735.24	331,324.60
Segment Liabilities	64,037.92	49,267.38	199,856.00	205,183.00	10,296.40	11,703.88	14,875.32	9,073.41	19,435.01	6,238.61	108,644.55	281,466.28
Total cost incurred during the year to acquire segment assets	10,496.00	8,674.41	13,354.00	8,231.00	242.36	438.84	48.86	266.55	15,681.69	15.02	39,822.91	17,625.82
Segment Depreciation	5,015.22	4,485.26	12,231.01	12,943.00	590.91	606.71	58.92	164.50	202.17	3.11	18,098.23	18,202.58
Non-cash expenses/(income) other than depreciation	(42.46)	644.71	3,381.00	(1,099.00)	-	-	-	-	6.62	-	3,345.16	(454.29)

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:

Associate companies	(i)	TVS Finance & Services Ltd, Chennai
	(ii)	Sundram Non-Conventional Energy Systems Ltd, Chennai
	(iii)	TVS Wind Power Ltd. Chennai
Key Management Personnel	(i)	Mr Venu Srinivasan Managing director, Sundaram-Clayton Ltd Chairman and Managing director, TVS Motor Company Ltd
	(ii)	Dr Lakshmi Venu Director-Strategy, Sundaram-Clayton Ltd
	(iii)	Mr Gopal Srinivasan Chairman and Managing director, TVS Capital Funds Ltd
	(iv)	Mr H Lakshmanan Whole-time director, 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 2010-11

(Rupees in lakhs)

Sl. No.	Nature of transactions	Name of the Company	Amount
1	Receiving of services	Sundram Non-Conventional Energy Systems Ltd, Chennai	51.45 (51.38)
2	Rendering of services	TVS Finance & Services Ltd, Chennai	2.49 (4.38)
3	Lease rent received	Sundram Non-Conventional Energy Systems Ltd, Chennai	0.48 (23.36)
4	Receivables	Sundram Non-Conventional Energy Systems Ltd, Chennai	1.07 (-)
		TVS Finance & Services Ltd, Chennai	4.60 (1.08)

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
12th August, 2011

V N VENKATANATHAN
Executive Vice-President (Finance)

R RAJA PRAKASH
Company Secretary

M BALASUBRAMANIAM
Partner
Membership No. F7945



12. Consolidated Cash Flow Statement for the year ended 31st March 2011

		(Rupees in lakhs)	
		Year ended 31.03.2011	Year ended 31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax and extraordinary items		18,208.88	(4,932.06)
Adjustments for :			
Non- cash items			
- Depreciation		18,098.23	18,202.58
- Exchange gain - Foreign currency monetary item translation difference account		(1,766.39)	(1,351.13)
- Misc expenditure written off during the year		3,433.59	896.84
- Provision for diminution in value of investments/ doubtful debts		703.91	(11.50)
- Employee Stock option reversal		(6.07)	-
Items considered separately :			
- Loss on sale of fixed assets (net)		1,019.56	(10,995.68)
- Profit on sale of investments (net)		(1,015.70)	(735.32)
- Dividend received		(72.05)	(68.72)
- Interest & Finance charges		12,084.58	16,545.72
- Interest income		(398.62)	(1,751.78)
Operating profit before working capital changes	(a)	<u>50,289.92</u>	<u>15,798.95</u>
Adjustments for :			
Inventories		(30,684.56)	3,184.57
Sundry debtors		(8,393.39)	(20,385.36)
Other current assets		59.19	(193.56)
Loans & advances		(216.17)	34,689.41
Current liabilities		35,854.67	9,807.44
Provisions		1,318.62	(1,402.61)
Deferred revenue expenditure		-	5,886.75
	(b)	<u>(2,061.64)</u>	<u>31,586.64</u>
Sub-total	(a) + (b)=(c)	<u>48,228.28</u>	47,385.59
Direct taxes (paid) / refund		(9,975.51)	(462.70)
Net cash from operating activities	(d)	<u>38,252.77</u>	<u>46,922.89</u>
B. CASH FLOW FROM INVESTING ACTIVITIES			
Additions to fixed assets		(42,241.22)	(17,705.44)
Deletion to fixed assets (net)		3,617.14	23,973.53
Profit / (Loss) on sale of fixed assets		(1,019.56)	10,995.68
Redemption / (Purchase) of Investments		13,241.08	(9,940.07)
Profit on sale of investments		1,015.70	735.32
Interest received		398.62	1,751.78
Interest paid & Finance Charges		(12,084.58)	(16,545.72)
Dividend received		72.05	68.72
Net cash used in investing activities	(e)	<u>(37,000.77)</u>	<u>(6,666.20)</u>

Consolidated Cash Flow Statement (continued)

		Year ended 31.03.2011	Year ended 31.03.2010
(Rupees in lakhs)			
C. CASH FLOW FROM FINANCING ACTIVITIES			
Share application money received		75.00	-
Increase / (Decrease) in Unsecured loans		5,959.79	(30,209.58)
Increase / (Decrease) in secured loans		(55,717.92)	16,264.30
Dividend paid (including dividend tax)		(3,263.45)	(1,836.67)
Net cash from financing activities	(f)	<u>(52,946.58)</u>	<u>(15,781.95)</u>
D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(d) + (e) + (f)	(51,694.58)	24,474.74
Opening cash and cash equivalents as at 1 st April 2010			
Cash and bank balances		15,818.67	8,324.91
Cash credit utilisation		<u>(31,140.02)</u>	<u>(48,121.00)</u>
		(15,321.35)	(39,796.09)
Closing cash and cash equivalents as at 31 st March 2011			
Cash and bank balances		12,340.47	15,818.67
Cash credit utilisation		<u>(79,356.40)</u>	<u>(31,140.02)</u>
		(67,015.93)	(15,321.35)

Note:

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

	venu srinivasan <i>Managing Director</i>	gopal srinivasan <i>Director</i>	As per our report annexed For SUNDARAM & SRINIVASAN <i>Chartered Accountants</i> Firm Regn. No. 004207S
Chennai 12 th August, 2011	V N VENKATANATHAN <i>Executive Vice-President (Finance)</i>	R RAJA PRAKASH <i>Company Secretary</i>	M BALASUBRAMANIAM <i>Partner</i> Membership No. F7945

Consolidated accounts of Sundaram-Clayton Limited and its subsidiaries



ANNEXURE TO CONSOLIDATED ACCOUNTS OF THE COMPANY AND ITS SUBSIDIARIES FURNISHED IN TERMS OF GENERAL EXEMPTION GRANTED BY CENTRAL GOVERNMENT UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 VIDE CIRCULAR NO. 2/2011 DATED 8TH FEBRUARY 2011

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 Company (Europe) B.V.	TVS Motor (Singapore) Pte. Limited	PT. TVS Motor Company Indonesia	Sravana Properties Limited	TVSE Access India Limited	TVSE Serviceec Limited	Tumkur Property Holdings Limited	TVS Housing Limited	Prime Property Holdings Limited	TVS Capital Funds Limited	Sundaram Investment Limited	TVS Wind Energy Limited	
	Year ended 31.03.2011																		
(a) Capital	4,751.00	740.00	5,625.00	1,767.28	500.00	2,718.83	24.27	9,163.00	64.36	20,120.00	759,720.00	34,734.00	5.00	5.00	5.00	488.64	5.00	1,015.00	5.00
(b) Reserves	95,190.00	4,176.96	(433.00)	2,324.28	4,295.56	2,861.96	(24.94)	(228.00)	(0.41)	(512.00)	(659,105.02)	(30,256.00)	(43.57)	(1,170.21)	305.10	18.68	(0.57)	(8.51)	(0.57)
(c) Total assets	285,766.00	18,659.24	16,597.50	11,773.09	4,978.95	19,907.74	15.36	16,090.00	63.98	19,615.00	556,501.41	20,819.00	7,532.69	4.06	3,206.06	917.48	3.83	1,119.48	3.83
(d) Total liabilities	285,766.00	18,659.24	16,597.50	11,773.09	4,978.95	19,907.74	15.36	16,090.00	63.98	19,615.00	556,501.41	20,819.00	7,532.69	4.06	3,206.06	917.48	3.83	1,119.48	3.83
(e) Details of investment (*)	22,094.00	15.56	410.00	2,540.73	2,691.34	1,149.34	-	-	-	-	-	-	-	-	-	-	-	-	-
(f) Turnover including other income	629,866.00	74,672.01	304.45	18,300.80	2,268.26	1,430.43	-	-	-	-	169,403.83	10,392.00	3.15	-	21.75	1,200.23	-	-	-
(g) Profit before taxation	24,809.00	1,120.71	(262.63)	63.71	2,066.98	115.33	(4.24)	(151.00)	(0.01)	(4.00)	(141,787.10)	(6,233.00)	(3.04)	(0.58)	(0.67)	75.12	(0.12)	(8.51)	(0.12)
(h) Provision for taxation	5,351.00	298.89	150.60	(90.73)	98.00	25.53	-	-	-	-	(14,483.00)	-	0.15	-	0.24	23.19	-	-	-
(i) Profit after taxation	19,458.00	821.82	(413.23)	154.44	1,968.98	89.80	(4.24)	(151.00)	(0.01)	(4.00)	(127,304.10)	(6,233.00)	(3.19)	(0.58)	(0.91)	51.93	(0.12)	(8.51)	(0.12)
(j) Proposed dividend	2,851.00	222.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(*) 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 Accountant 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 assets and liabilities at Closing exchange Rate	For Profit & Loss items at Daily Average Rate
US Dollar to INR	Rs. 44.90 / US \$	Rs. 45.90 / US \$
Indonesian Rupiah to INR	Rs. 0.0052 / IDR	Rs. 0.0050 / IDR
Singapore \$ to INR	Rs. 35.98 / Singapore \$	Rs. 34.50 / Singapore \$

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



Sundaram-Clayton Limited

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

Notice to the Shareholders

NOTICE is hereby given that the forty-ninth 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 Friday, the 30th September 2011 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 31st March 2011 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 Gopal Srinivasan, director, who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a director of the Company.

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

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

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

RESOLVED THAT Mr S Santhanakrishnan, 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 Mr Suresh Kumar Sharma, director, who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a director of the Company.

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

RESOLVED THAT the retiring statutory auditors M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai having 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

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

RESOLVED THAT, subject to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956 (the Act), and other applicable provisions, if any of the Act or any statutory modification(s) or re-enactment thereof and in partial modification of the resolution passed by the shareholders at the annual general meeting held on 22nd September 2010, the revision in remuneration effective 1st July 2011 to Dr Lakshmi Venu, Director-Strategy in the

rank of a managing director, consequent upon entrusting with additional duties and responsibilities and re-designation as Director-Strategy & Vice President-Global Business Development & Strategy for global operations on such terms and conditions, as detailed in the explanatory statement annexed hereto, during the remaining period of her term of office upto 21st March 2015 be and is hereby approved and that the remuneration payable to her be computed in accordance with the provisions of Section 349 of the Act;

RESOLVED FURTHER THAT the Supplemental Agreement dated 5th May 2011 entered into between the Company and Dr Lakshmi Venu with respect to the above variations in the terms of the appointment and remuneration, a copy of which was placed before the meeting and initialled by the Chairman for the purpose of identification thereof, be and is hereby approved.

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

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

RESOLVED THAT subject to the provisions of Sections 198 and 309 and other applicable provisions, if any, of the Companies Act, 1956, the non-executive independent directors of the Company (as defined in Clause 49 of the Listing Agreement with Stock Exchanges), be paid, (in addition to sitting fees for attending the meetings of the board or of a committee thereof and travelling and stay expenses) such sum as commission payable at such intervals for each such director of the Company, as may be determined by the board of directors of the Company, from time to time, for each financial year, for a period of five years commencing from 1st April 2011, within the overall limits, so as not to exceed in aggregate 1% of the net profits of the Company, calculated in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956.

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

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

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

RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company, be and are hereby altered in the manner specified below:

In the Articles of Association of the Company, the existing Article 143, be renumbered as Article 143(a) and the following Article shall be inserted:

Article 143(b)

Subject to the applicable provisions of the Act and any statutory modification or re-enactment thereof for the time being in force, the board shall have the power to permit directors to participate and



Sundaram-Clayton Limited

vote through the means of video or tele-conferencing at a duly constituted meeting of the board of directors or committee thereof, subject to the applicable rules and regulations. The provisions relating to convening of physical board / committee meeting as contained in these articles shall *mutatis mutandis* apply in case of convening of meetings by video-conferencing / tele-conferencing.

In the existing Article 145, the following proviso shall be inserted at the end:

Provided the directors participating in the meetings through video-conferencing / tele-conferencing shall form part of valid quorum for transacting any business at such meetings.

By order of the board

Chennai
2nd September 2011

R Raja Prakash
Company Secretary

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

Notes:

- 1) A member, entitled to attend and vote at the meeting, is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy or proxies so appointed need not be a member or members, as the case may be, of the Company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority shall be deposited at the registered office of the Company, not later than 48 hours before the time fixed for holding the meeting.**

Green Initiative in Corporate Governance

Ministry of Corporate Affairs has undertaken a 'Green Initiative in Corporate Governance' to promote paperless compliances by the companies through electronic mode. Members can now receive notices, annual reports and other documents through electronic mode by registering their email addresses with the Company.

The Company would like to avail this opportunity for sending notices / annual reports / other documents (documents) to the members in the electronic mode to their email addresses already registered and available (i) in the records of depositories, which have been made available to the Company by them; or (ii) in the records of Share Transfer Department of the Company .

Members are requested:

- To note that the documents will also be available on the Company's website www.sundaramclayton.com for downloading by the members;
- To note that physical copies of the documents will also be available at the Registered Office of the Company, at No. 29, Haddows Road, Chennai - 600 006, for inspection during office hours;
- To note that members, who opted to receive the documents in electronic mode, are also entitled to receive copies of the documents free of cost, upon receipt of a requisition at any time;
- To note that those members, who are holding shares in electronic form and have not registered their email addresses with their Depository Participants (DPs), are requested to update the same with DPs;
- To note that those members, who are holding shares in physical form and have not registered their email addresses with the Share Transfer Department, are requested to update the same; and
- To update change of email address with the Share Transfer Department of the Company or with their DPs, from time to time, for receiving the future communication on any other email address.

- 2) The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business as set out in the Notice is annexed hereto.
- 3) The register of members and the share transfer register were closed for a period of 4 days from 19th August 2011 to 22nd August 2011 (both days inclusive) for the purpose of payment of second interim dividend for the financial year 2010-11 as declared by the board of directors at their meeting held on 12th August 2011.
- 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 correspondence and email addresses to their DPs.
- 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 annual general meeting, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholdings and relationships with other directors in the Company are given below:

I. Mr Gopal Srinivasan

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

Mr Gopal Srinivasan, a member of the TVS family, is the founder and Chairman of TVS Electronics Limited, and is a Director in TV Sundram Iyengar & Sons Ltd, the holding company and of several group companies. He was also a Board member in Great Lakes Institute of Management.

He was the Chairman of the "Confederation of Indian Industry (CII)" Tamil Nadu State Council for the fiscal year 2007-08. He was also

the Chairman of CII National Committee for Private Equity & Venture Capital for the fiscal year 2010-11. He has also served on various leadership roles in several business associations.

Mr Gopal Srinivasan has incubated over eight businesses, and has over twenty five years of operational experience in India, along with a wide network of relationships across the world.

A passionate entrepreneur, he is also actively involved in the promotion of Entrepreneurship as an angel investor. He is associated with Chennai Angels as well as TiE (The Indus Entrepreneurs) where he provides guidance to the budding entrepreneurs on incubating businesses.

He earned a B.Com from Loyola College, Chennai and an MBA from University of Michigan, USA.

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

He holds 132 Equity shares in the Company and he is related to Mr Venu Srinivasan, managing director and Mr T K Balaji, director of the Company.

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

S. No.	Name of the Company	Position held	Committee memberships/ chairmanships
1.	TVS Finance and Services Limited	Chairman	Member – Investor's Grievance Committee
2.	TVS Investments Limited	Chairman and Managing Director	Member – Audit Committee
3.	Lucas–TVS Limited	Director	–
4.	Sundaram Industries Limited	Director	–
5.	TVS Electronics Limited	Chairman	Member – Investor's Grievance Committee
6.	T V Sundram Iyengar & Sons Limited	Director	–
7.	TVS Logistics Services Limited	Director	–
8.	Harita Academy Limited	Chairman	–
9.	Sundaram Investment Limited	Director	–
10.	TVS–E Servicetec Limited	Chairman	–
11.	TVS Capital Funds Limited	Chairman and Managing Director	–
12.	Harita Techserv Limited	Chairman	–
13.	Landmark Limited (Part IX)	Director	–
14.	Cross Creek Channel Investment Advisors Pvt Ltd	Director	–
15.	Harita Electronics Private Limited	Director	–
16.	Grand Tech India Private Limited	Director	–
17.	Nextwealth Entrepreneurs Private Limited	Director	–

II. Vice Admiral P J Jacob (Retd.)

Born on 23rd February 1941, Vice Admiral P J Jacob retired in 2001 as the Vice Chief of the Naval Staff. An alumnus of the National Defence Academy, Defence Services Staff College and the National

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

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

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

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

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

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

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

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

S. No.	Name of the Company	Position held	Committee memberships/ chairmanships
1	Dua Consulting Private Limited	Director	–

III. Mr S Santhanakrishnan

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

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

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



Sundaram-Clayton Limited

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

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

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

S. No.	Name of the Company	Position held	Committee memberships/ chairmanships
1	Easy Access Financial Services Private Limited	Director	-
2	ICICI Home Finance Company Limited	Director	Member – Audit committee
3	Reliance Capital Trustee Co. Limited	Director	Member – Audit committee
4	Dhanlaxmi Bank Limited	Director	Chairman – Audit committee
5	TVS Credit Services Limited	Director	Member – Audit committee
6	Axiom Cordages Limited	Director	-

IV. Mr Suresh Kumar Sharma

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

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

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

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

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

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

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

S. No.	Name of the Company	Position held	Committee memberships/ chairmanships
1	Sharma Transports India Private Limited	Director	-

V. Dr Lakshmi Venu

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

She underwent her initial training for three years as a Management Trainee in Sundaram Auto Components Limited, a subsidiary of the Company, beginning from 2003. 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 22nd 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 22nd March, 2010.

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

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

VI. Mr Sudarshan Venu

Born on 1st February 1989, Mr. Sudarshan Venu is a graduate with Honors at the Jerome Fisher Program in Management and Technology at the University of Pennsylvania, U.S. He also obtained a Bachelor of Science Degree in Mechanical Engineering from the School of Engineering and Bachelor of Science in Economics, both from the Wharton School, University of Pennsylvania. The Wharton School maintains a long tradition of educating visionary business leaders and academicians. He recently completed his Masters in International Technology Management from the Warwick Manufacturing Group, an academic department at the University of Warwick in the United Kingdom.

While pursuing his Masters, he underwent on-hands training in Die Casting Division of Sundaram-Clayton Limited and in TVS Motor Company Limited.

Given his academic background and exposure to the industry, it is considered that he will be a good asset to the Company.

He does not hold any Equity share in the Company and is related to Mr Venu Srinivasan, managing director and Dr Lakshmi Venu, director - strategy.

He does not hold any other position as a director or as a member of any committee in any other company.

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

Item No. 7

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

Subsequently, the board, at its meeting held on 5th May 2011 entrusted her with certain additional duties and responsibilities for the purpose of exploring business opportunities and planning on the domestic and international fronts by undertaking an analysis of the relevant global business environment. The board considered and decided that this would benefit the Company, as it has been looking for opportunities to expand its business in the domestic and international fronts.

Though she would continue in her current role as Director-Strategy, the board also designated her as Vice President-Global Business Development & Strategy to develop strategy for global operations, administer US operations of the Company and develop long term strategic plans.

The board also at the same meeting held on 5th May 2011 varied her terms of remuneration, subject to the approval of the shareholders, in the ensuing annual general meeting of the Company, commensurate with her additional duties and responsibilities entrusted by the board and in line with compensation paid to persons holding similar responsibilities.

The Company also entered into necessary Supplemental Agreement dated 5th May 2011 with her in this regard. The details of the varied terms of remuneration payable in terms of the said Agreement entered into between the Company and Dr Lakshmi Venu are as under:

- (i) SALARY : Rs.7,50,000/- per month.
 - (ii) PERFORMANCE BONUS : Rs.12,50,000/- annually.
 - (iii) 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.
 - (iv) 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 including hospitalization for self and family including premium paid on health insurance policies.
- III. Leave Travel Concession
 - Leave travel concession once in a year, incurred in accordance with the rules of the Company. Personal home passage to India once in a year.
- IV. Club Fees
 - Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- V. Personal accident insurance
 - Personal accident insurance for an amount, the annual premium of which does not exceed Rs.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 (the Act) 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 Act.



Sundaram-Clayton Limited

The abstract of the variations in the terms of appointment and remuneration and memorandum of interest was already circulated to members on 19th May, 2011 pursuant to Section 302 of the Act.

In compliance with the provisions of Sections 198, 269 read with Schedule XIII, 309 and 317 of the Act, the variation in the terms of appointment and remuneration as specified above are now being placed before the shareholders for their approval as set out in item no. 7 of this Notice.

The directors, therefore, recommend that the ordinary resolution as set out in item no.7 of the Notice, be approved by the shareholders.

Dr Lakshmi Venu, Director-Strategy, is deemed to be interested in this resolution since it relates to variation in the terms of her appointment and remuneration. Mr Venu Srinivasan, managing director, and Mr Sudarshan Venu, director are deemed to be interested and concerned in the resolution, being her relatives.

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

Item No. 8

The Company proposes to pay commission to all non-executive independent directors not exceeding 1% of the net profits of the Company in such manner as the board may determine, from time to time, for each financial year.

The non-executive independent directors devote considerable time in deliberating the operational and other issues of the Company and provide valuable advice in regard to the management of the Company, from time to time. The Company also derives substantial benefit through their expertise and advice.

Since the corporate governance regulations expect increased involvement and participation by such directors in the meetings of audit committee and board and having regard to their contribution and involvement in policy issues concerning the Company's operations, it is considered desirable to compensate by way of payment of commission for a period of five years commencing from 1st April 2011 to all the non-executive independent directors of the Company for each financial year.

The directors, therefore, recommend that the special resolution as set out in item no.8 of the Notice, be approved by the shareholders.

Except Mr Venu Srinivasan, Managing Director, Dr Lakshmi Venu, Director - Strategy and Mr Gopal Srinivasan, Mr. T.K. Balaji and Mr Sudarshan Venu, non-executive and non-independent directors, all other directors of the Company are deemed to be interested and concerned in this resolution.

Item No. 9

Mr Sudarshan Venu was appointed as an additional director of the Company effective 2nd September 2011. In terms of Section 260 of the Companies Act, 1956, Mr Sudarshan Venu will hold office only upto the date of this annual general meeting. He is a non-executive and non-independent director of the Company.

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 Sudarshan Venu and to move the resolution set out in Item No.9 of this notice.

The directors, therefore, recommend that the ordinary resolution as set out in item no.9 of the Notice, be approved by the shareholders.

Mr Sudarshan Venu is deemed to be interested in this resolution since it relates to his appointment. Mr Venu Srinivasan, managing director, and Dr Lakshmi Venu, Director - Strategy, are deemed to be interested and concerned in the resolution, being his relatives.

Item No. 10

Keeping in tune with the Green initiatives in Corporate Governance, Ministry of Corporate Affairs (MCA) has permitted the companies to conduct board or committee meeting (s) through electronic means i.e video conferencing. The Information Technology (IT) Act, 2000 also recognizes communications in digital or electronic form and holding of such meetings through electronic means are permissible under the IT Act.

It is considered desirable to have suitable amendments made to the Articles of Association of the Company (AoA) providing for participation of such directors, who are unable to be physically present at the meetings, through electronic mode. This will facilitate the board to have the benefit of their advice in the deliberations at the meetings and their participation will also be counted for quorum and voting purposes.

As per Section 31 of the Companies Act, 1956, the amendment to AoA requires approval of the shareholders by way of a Special Resolution.

The directors, therefore, recommend that the special resolution as set out in item no.10 of the Notice, be approved by the shareholders.

None of the directors of the Company is interested or concerned in the said 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
2nd September 2011

R Raja Prakash
Company Secretary

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

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 : Friday

Date : 30th September 2011

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(s).

Tear here

Sundaram-Clayton Limited

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

PROXY FORM

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

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

annual general meeting of the Company to be held on Friday, the 30th September 2011 and at any adjournment thereof.

Signed this _____ day of _____ 2011.

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.

