

Sundaram-Clayton Limited 

46th Annual Report 2008

Board of Directors

VENU SRINIVASAN
Managing Director

SURESH KRISHNA

K. MAHESH

GOPAL SRINIVASAN

T.K. BALAJI

Dr. CHRISTIAN WIEHEN

NIKHIL MADHUKAR VARTY

LEON LIU

D.E. UDWADIA

D.D. UDESHI

PASCALE F. RAHMAN

VICE ADMIRAL P.J. JACOB (Retd.)

K.S. SHAH

Alternate to Leon Liu

Executive Director

H. LAKSHMANAN

President - Automotive Products division

C.N. PRASAD

President - Die-casting division

P.H. NARAYANAN

**Executive Vice President -
Finance & Secretary**

V.N. VENKATANATHAN

Audit Committee

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

D.E. UDWADIA

T.K. BALAJI

K.S. SHAH

Investors' Grievance Committee

SURESH KRISHNA

Chairman

VENU SRINIVASAN

K. MAHESH

T.K. BALAJI

Bankers

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

STATE BANK OF MYSORE
Whites Road Branch
Chennai 600 014

Auditors

SUNDARAM & SRINIVASAN
Chartered Accountants
23 Sir C P Ramaswamy Road
Alwarpet, Chennai 600 018.

Listing of shares with

Madras Stock Exchange Ltd., Chennai.
The National Stock Exchange of India Ltd.,
Mumbai.
Bombay Stock Exchange Ltd, Mumbai.

Registered Office

"Jayalakshmi Estates"
29 (Old No.8) Haddows Road
Chennai 600 006
Tel. : 044-28272233
Fax : 044-28257121

Share Transfer Department

New No. 22 (Old No. 31),
Railway Colony 3rd Street,
Mehta Nagar, Chennai 600 029
Tel. : 044-2374 1889
044-2374 2939

Fax : 044-2374 1889

E-mail : kr.raman@scl.co.in

sclshares@gmail.com

investorscomplaintssta@scl.co.in

vnv@scl.co.in

Factory

Chennai

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

Hosur

Hosur - Thally Road
Belagondapalli
Hosur - 635 114
Tel. : 04347 - 233445
Fax : 04347 - 233014

Web site :

www.sundaramclayton.com

CONTENTS

Page No.

Financial highlights	2
Notice to the shareholders	3
Directors' report to the shareholders	6
Management discussion and analysis report	12
Report on Corporate governance	16
Auditors' certificate on Corporate governance	24
Auditors' report to the shareholders	25
Balance sheet	28
Profit & loss account	29
Schedules	30
Cash flow statement	55
Statement under Section 212 of the Companies Act, 1956	57
General business profile	58
Auditors' report on consolidated accounts	59
Consolidated accounts	60
Financial information of subsidiaries under Section 212(8) of the Companies Act, 1956.	74



Sundaram-Clayton Limited

FINANCIAL HIGHLIGHTS INCLUDING SELECTED INDICATORS AND RATIOS

Rupees in crores

Year ended	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Profit and Loss Account										
Sales	160.0	231.8	240.6	246.8	299.1	417.4	536.3	629.3	816.2	426.9
Other income	13.2	14.6	14.6	18.3	24.2	28.4	32.5	45.3	48.6	34.5
Total income	173.2	246.4	255.2	265.1	323.3	445.8	568.8	674.6	864.8	461.4
Balance Sheet										
Gross profit before interest, depre and tax (EBITDA)	26.2	38.9	34.9	41.5	59.0	82.1	101.6	141.1	176.1	73.9
Depreciation	5.8	8.0	9.5	10.9	12.0	15.3	21.4	26.9	32.8	27.7
Profit before interest & tax	20.4	30.9	25.4	30.6	47.0	66.8	80.2	114.2	143.3	46.2
Interest	(0.6)	0.6	1.5	1.3	(1.3)	0.5	3.8	7.9	15.2	10.8
Profit before tax	21.0	30.3	23.9	29.3	48.3	66.3	76.4	106.3	128.1	35.4
Profit after tax	18.7	22.7	17.7	21.9	36.1	46.0	53.4	75.3	91.6	23.9
Balance Sheet										
Net fixed assets	64.9	85.1	96.2	99.6	124.8	183.8	275.1	302.5	326.4	240.2
Investments	43.5	43.0	43.0	48.3	43.2	55.0	57.1	71.0	82.3	69.4
Net current assets	30.4	44.7	46.2	24.5	28.1	23.3	30.4	77.4	170.6	213.7
Total	138.8	172.8	185.4	172.4	196.1	262.1	362.6	450.9	579.3	523.3
Share capital	18.9	18.9	18.9	18.9	18.9	18.9	18.9	18.9	18.9	9.5 [#]
Reserves & surplus	107.2	122.6	134.0	135.5	158.2	187.1	221.1	270.5	325.2	226.6
Net worth	126.1	141.5	152.9	154.4	177.1	206.0	240.0	289.4	344.1	236.1
Loan funds	12.7	31.3	32.5	9.6	8.9	44.8	109.2	146.1	215.8	267.4
Deferred taxation (net)	-	-	-	8.4	10.1	11.3	13.4	15.4	19.4	19.8
Total	138.8	172.8	185.4	172.4	196.1	262.1	362.6	450.9	579.3	523.3
EPS (Rs)	9.86	11.95	9.36	11.52	19.00	24.25	28.16	39.26	48.06	12.61
DPS (Rs)	3.00	3.50	3.00	6.00	6.50	8.00	9.00	12.00	17.00	8.75
Book value per share (Rs)	66.51	74.59	80.63	81.41	93.40	108.63	126.53	152.57	181.41	127.48
Return on capital employed (ROCE) %	15.6	19.9	14.2	17.1	25.5	29.2	25.7	28.1	27.8	8.3
Return on net worth (RONW) %	15.6	16.9	12.1	14.2	21.7	24.0	23.9	28.5	28.9	8.2
Fixed assets turnover (no of times)	2.7	3.1	2.7	2.5	2.7	2.7	2.3	2.2	2.6	1.5
Working capital turnover (no of times)	6.1	6.2	5.3	7.0	11.4	16.2	20.0	11.7	6.6	2.2
EBITDA as % of sales	16.4	16.8	14.5	16.8	19.7	19.7	18.9	22.4	21.6	17.3
EBITDA as % of total income	15.1	15.8	13.7	15.7	18.3	18.4	17.9	20.9	20.4	16.0
Net profit as % of total income	10.8	9.2	7.0	8.2	11.2	10.3	9.4	11.2	10.6	5.2

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

RONW is profit after tax divided by average networth.

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

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

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

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

Notice to the Shareholders

NOTICE is hereby given that the fortysixth 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 Thursday, the 25th September 2008 at 10.30 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 2008 and the profit and loss account of the Company for the year ended on that date, together with the directors' report and the auditors' report thereon as presented to the meeting be and the same are hereby approved and adopted.

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

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

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

RESOLVED THAT Mr Nikhil Madhukar Varty, 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 D E Udawadia, 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 D D Udeshi, 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 auditors Messrs. Sundaram & Srinivasan, Chartered Accountants, Chennai be and are hereby re-appointed as auditors of the Company to hold office from the conclusion of this annual general meeting till the conclusion of the next annual general meeting of the Company on such remuneration

as may be fixed in this behalf by the board of directors of the Company.

Chennai
18th August 2008

By order of the board
V N VENKATANATHAN
Executive Vice President-
Finance & Secretary

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

Notes:

- A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy or proxies so appointed need not be a member or members, as the case may be, of the Company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company not later than 48 hours before the time fixed for holding the meeting.**
- The Register of members and the Share transfer register will remain closed for a period of three days from 2nd September 2008 to 4th September 2008 (both days inclusive) for the purpose of payment of second interim dividend declared by the board on 18th August 2008.
- In terms of Section 205A read with Section 205C of the Companies Act, 1956, the dividends declared by the Company, which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund (IEPF), established by the Central Government on the due dates. The particulars of due dates for transfer of such unclaimed dividends to IEPF are furnished in the report on Corporate Governance forming part of the annual report. Members who have not encashed their dividend warrants in respect of the above periods are requested to make their claim by surrendering the unencashed warrants immediately to the Company.
- Members holding shares in physical form, in their own interest, are requested to dematerialise the shares to avail the benefits of electronic holding / trading.
- Members are requested to notify to the Company immediately any change in their address. Members holding shares in depository are requested to advise change of address to their depository participants.
- As a measure of economy, copies of the annual report will not be distributed at the annual general meeting. Members are, therefore, requested to bring their copies of the annual report to the meeting.
- Members are requested to affix their signature at the space provided on the attendance sheet annexed to the proxy form and hand over the slip at the entrance of the meeting hall.

8. 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 in this meeting, nature of their expertise in specific functional areas, their other directorships and committee memberships and their shareholdings in the company and their relationships with other directors in the Company are given below:

I. Mr Suresh Krishna

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

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

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

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

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

He has been involved in several other public bodies, from time to time, by the Central as well as the State Governments. He was appointed as a Director on the Central board of the Reserve Bank of India from 2000 to 2006. He was one of the members of the Advisory Council to the Prime Minister, formed to advise the Prime Minister on matters relating to trade and industry. The Government of Tamil Nadu appointed Mr Krishna as the Sheriff of Madras for 1992 and 1993.

He was awarded the prestigious Sir Jehangir Ghandy Medal for “Industrial Peace” by XLRI in 1991. The Business India magazine selected him as the Businessman of the year 1995. He was awarded the “Qimpro Platinum Standard 1997” for being a role model for Quality Leadership for Corporate India, and the “Juran Quality Medal” by the Indian Merchants Chamber, Mumbai. The Asian Productivity Organisation, Japan, conferred the National Award for 2000 (for India) on Mr Krishna, for his outstanding contribution towards productivity improvement in the country during the last five years. The All India Management Association gave the prestigious

“JRD Tata Corporate Leadership Award” for the year 2000 to Mr Suresh Krishna. Mr Krishna was the recipient of the “Entrepreneur of the Year” Award for 2001, from Ernst & Young.

Mr Krishna has been conferred with the “Padma Shri” award by the Government of India in 2006.

He was co-opted as a director of the Company by the board on 23rd May 1979.

He is the chairman of the Investors’ Grievance committee of the board of directors of the Company.

He holds 1532 equity shares in the Company. Mr Suresh Krishna and Mr K Mahesh, directors of the Company, being brothers, are relatives. Details of his other directorships and memberships / chairmanships of committees are given below:

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

II. Mr Nikhil Madhukar Varty

Mr Nikhil Madhukar Varty is a post graduate in commerce from University of Bombay and Chartered Accountant. He also has an MBA degree from University of Scranton, Pennsylvania, USA. He has worked for Sony Orson and Borosil Glass Works in India and for Coopers & Lybrand and Allied Signal (now Honeywell) in the USA. He has 21 years of experience in various business leadership, finance and consulting roles.

At present, he is the vice president and business unit leader for the compression and braking business unit of WABCO Vehicle Control Systems and works in Brussels, Belgium.

He was co-opted as a director of the Company by the board on 17th April 2002.

He does not hold any position as a member of any committee of directors of any Company.

He does not hold any share in the Company and he is not related to any other directors of the Company. Details of his other directorships are given below:

S. No.	Name of the Company	Position held
1.	WABCO Compressor Manufacturing Company	Chairman
2.	WABCO-TVS (INDIA) Limited	Director

III. Mr. Darius Erach Udwadia

Mr Darius Erach Udwadia is a post-graduate from the University of Bombay. He is an advocate and solicitor of the Bombay High Court. He is also a Solicitor of the Supreme Court of England.

Mr Udwadia was a partner of Crawford Bayley & Co., Mumbai, one of India's leading law firms for over 22 years. He is currently one of the founding partners of Udwadia & Udeshi.

He has during his nearly 45 years of active law practice acquired valuable knowledge, experience and expertise in the following areas of law, namely corporate law, mergers, acquisitions and takeovers, corporate re-structuring, foreign collaboration, joint ventures, project and infrastructure finance, telecommunication, international loan and finance related transactions and financial instruments, mutual funds, real estate and conveyancing.

Mr Udwadia was the Chairman of the Indian Advisory Board of ABN Amro Bank N.V for 6 years.

He was co-opted as a director of the Company by the board on 2nd December 1987.

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

He does not hold any share in the Company and he is not related to any other directors of the Company. Details of his other directorships and memberships / chairmanships of committees are given below:

S. No.	Name of the company	Position held	Committee membership/ chairmanship
1	ABB Limited	Director	Member – Audit Committee Member – Shareholders Grievance Committee
2	ADF Foods Limited	Director	
3	AstraZeneca Pharma India Limited	Chairman	Member – Audit Committee
4	Avesthagen Limited	Vice-Chairman	
5	Bombay Burmah Trading Corporation Limited	Director	Member – Audit Committee
6	Coromandel Fertilisers Limited	Director	
7	Development Credit Bank Limited	Director	Member – Audit Committee
8	Eureka Forbes Limited	Director	
9	ITD Cementation India Limited	Director	Member – Audit Committee
10	JM Financial Limited	Director	

S. No.	Name of the company	Position held	Committee membership/ chairmanship
11	Macmillan India Limited	Vice-Chairman	Member – Audit Committee
12	Mechanalysis (India) Limited	Director	
13	Wyeth Limited	Director	Member – Audit Committee
14	WABCO-TVS (INDIA) Limited	Director	
15	Habasit Lakoka Pvt.Ltd.,	Director	
16	JM Financial & Investment Consultancy Services Pvt.Ltd.,	Director	
17	JM Financial Trustee Company Pvt.Ltd.,	Director	
18	JM Financial Consultants Pvt.Ltd.,	Director	
19	Quantum Advisors Pvt.Ltd.,	Director	
20	Nitesh Estates Pvt.Ltd.,	Director	
21	Rossi Gearmotors (India) Pvt. Ltd.,	Director	

IV. Mr. D D Udeshi

Mr Dilip Dwarkadas Udeshi is a graduate from the University of Bombay. He is an Advocate of the Bombay High Court and has qualified as a Solicitor, having passed the examination conducted by the Incorporated Law Society of Bombay in 1958.

Mr Udeshi was a partner in one of the India's leading law firm Messrs Crawford Bayley & Co. Mumbai for 22 years.

During his nearly 47 years of active law practice he has gathered invaluable experience and expertise in the areas of commercial litigation, arbitration (both domestic and international), banking, constitutional law, banking documentation, real estate transactions and intellectual property matters.

Mr Udeshi was the Chairman of the Local Advisory Board of ABN Amro Bank N.V for 6 years and he is also on the Board of several reputed public limited companies.

He was co-opted as a director of the Company by the board on 31st December 2005.

He does not hold any position as a member of any committee of directors of any Company.

He does not hold any share in the Company and he is not related to any other directors of the Company. Details of his other directorships are given below:

S. No.	Name of the Company	Position held
1	Advanced Oral Care Products Pvt.Ltd.,	Director
2	Baltic Consultancy & Services Pvt.Ltd.,	Director
3	Chandabhoy & Jassoobhoy Consultants Pvt.Ltd.,	Director
4	Nova Synthetic Limited	Director
5	Sefar Filtration (India) Pvt.Ltd.,	Director
6	Secure Meters Limited	Director
7	Serandib Investments Pvt.Ltd.,	Director



Directors' report to the shareholders

The directors herewith present the fortysixth annual report and the audited accounts for the year ended 31st March 2008.

2. FINANCIAL HIGHLIGHTS

Details	Rs. in lakhs	
	Year ended 31.03.2008	Year ended 31.03.2007
Sales and other income	46141.70	86481.45
Gross profit before interest and depreciation	7390.57	17611.33
Interest – Net	1080.78	1523.77
Depreciation	2774.43	3279.30
Profit before tax	3535.36	12808.26
Provision for taxation (including deferred tax and fringe benefit tax)	1143.34	3692.39
Profit after tax	2392.02	9115.87
Add: Tax relating to earlier years	155.68	52.35
	2547.70	9168.22
Surplus brought forward from previous year	4123.91	2682.69
Total	6671.61	11850.91
Appropriations:		
First Interim dividend	384.10	1327.73
Second Interim dividend	331.93	1517.41
Proposed dividend	–	379.35
Tax on dividend	121.69	463.50
Transfer of profit to WABCO-TVS (INDIA) Limited on demerger of the demerged undertaking	3435.13	–
Transfer to general reserve	1532.12	4039.01
Surplus in profit & loss account	866.64	4123.91
	6671.61	11850.91

Notes: The results of the Company for the current financial year 2007-2008 are not comparable with that of the previous year 2006-2007 as the current year's figures are exclusive of figures of the demerged undertaking, namely brakes business which stood transferred to WABCO-TVS (INDIA) Limited with effect from 28th March 2008 in terms of the Scheme of Arrangement between the Company and WABCO-TVS (INDIA) Limited and their respective shareholders and creditors sanctioned by the Hon'ble High Court of Madras vide its order dated 20th February 2008 and the same was filed with the Registrar of Companies, Tamilnadu, Chennai on 28th March 2008.

3. SCHEME OF ARRANGEMENT AND SHARE CAPITAL

During the year under review, the Hon'ble High Court of Madras approved the Scheme of Arrangement between the Company and WABCO-TVS (INDIA) Limited and their shareholders and creditors (the Scheme) vide its order dated 20th February 2008 without any modification as approved

by the shareholders of the Company in the Court convened meeting held on 22nd October 2007 under the Chairmanship of Mr Venu Srinivasan, managing director of the Company.

As per the Scheme and in terms of sections 391-394 read with sections 78, 100 to 103 and other applicable provisions of the Companies Act, 1956, the Demerged undertaking, namely brakes business of the Company comprising of all properties (with rights and powers of every description), investments, assets and liabilities (includes duties of every description) stood transferred to / vested in WABCO-TVS (INDIA) Limited from the Effective date, namely 28th March 2008.

In pursuance of the said Scheme, the Company's issued and paid up equity capital stood reduced by Rs.9,48,37,920 from Rs.18,96,75,840 as being no longer represented by the assets of the Company consequent to the demerger of the Demerged undertaking, namely brakes business and such reduction was effected by reducing the face value of the equity shares of the Company from Rs.10/- per equity share to Rs.5/- per equity share.

Accordingly, the authorized capital of the Company stood reduced to Rs.10,00,00,000 consisting of 2,00,00,000 equity shares of Rs.5/- each from Rs.20,00,00,000 consisting of 2,00,00,000 equity shares of Rs.10/- each. Further, the Company also issued and allotted on 7th May 2008, 1,89,67,584 equity shares of Rs.5/- each fully paid up equity shares to the shareholders of the Company in the ratio of one equity share of Rs.5/- each for every one equity share of Rs.10/- each held by the shareholders of the Company consequent to the cancellation and extinguishment of the existing equity shares with a face value Rs.10/- each in terms of the Scheme.

Similarly, the shareholders of the Company were also issued and allotted on 7th May 2008, 1,89,67,584 equity shares of Rs.5/- each fully paid up equity shares in the ratio of one equity share of Rs.5/- each for every one equity share of Rs.10/- each by the board of directors of WABCO-TVS (INDIA) Limited in pursuance of the said Scheme.

4. LISTING OF SHARES

The new equity shares of Rs.5/- each issued by the Company in terms of the Scheme were listed and admitted for trading on the Madras Stock Exchange Limited, Bombay Stock Exchange Limited and the National Stock Exchange of India Limited with effect from 20th June, 2008.

The trading on new equity shares was commenced effective 20th June 2008 in BSE and NSE. The old equity shares of Rs.10/- each of the Company were suspended for trading from these Stock Exchanges from the last week of April 2008, since the equity shares with a face value of Rs.10/- each stood automatically cancelled and to be of no effect from the Record date, namely 2nd May 2008 in terms of the Scheme.

5. DIVIDEND

During the year, the board of directors of the Company declared an interim dividend of Rs.7/- per share on 30th October 2007 and paid to the shareholders on 7th November 2007.

With the face value of Rs.10/- per share in October 2007, before the Scheme was sanctioned by the Hon'ble High Court of Madras, Rs.7/- per share was declared as an interim dividend by the Company as a composite entity. Translating this interim dividend for the face value of Rs.5/- each post demerger of the Company, on a share capital of Rs.948.38 lakhs, represented by 1,89,67,584 equity shares of Rs.5/- each, dividend attributable post demerger of the Company was arrived at as Rs.384.10 lakhs, namely Rs.2.05 per share (41%).

The board of directors of the Company at their meeting held on 18th August 2008 have declared a second interim dividend of Rs.1.75 per share (35%), for the year ended 31st March 2008, absorbing a sum of Rs.331.93 lakhs.

The board of directors of the Company do not recommend any further dividend for the year under consideration and the interim dividends paid amounting to Rs.716.03 lakhs, be considered as the final dividend for the year 2007-2008.

6. PERFORMANCE

During the year under review, the vehicle industry registered a negative growth of 2.1%. While the medium / heavy commercial vehicles segment recorded a negative growth of 1%, the light commercial vehicle segment registered a growth of 13%. Car segment achieved a positive growth of 14% and two wheeler segment suffered a negative growth of 5%.

Against this backdrop, the die casting division sold 19,296 tonnes of castings against 19,541 tonnes of castings sold in 2006-07, registering a marginal decline of 1.3%. Despite this, the Company achieved sales of Rs.427 crores during 2007-08 as against Rs.309 crores in 2006-07, registering a growth of 38.2%.

On export front, North American heavy truck market witnessed a negative growth of 52% during the year mainly due to switching over to US 07 norms. Exports sales were also affected due to the appreciation in the Indian rupee against the US Dollar by over 12%. Against this twin impact, exports sales registered a growth of 20% at Rs.156.81 crores against Rs.133.60 crores achieved in 2006-07. This growth was mainly due to introduction of new products to our customers Volvo, Cummins and their subsidiaries.

7. OUTLOOK

The growth in domestic automotive industry is expected to slow down during 2008-09. While the passenger car segment is likely to register a growth of 8%, the two wheeler segment is expected to be flat. The domestic MCV and HCV segment is expected to have a marginal growth of 2% in 2008-09. The sales of Class 8 trucks (GVW > 14.75T) in

the US market are projected to remain stagnant owing to the recessionary conditions in the US market. European heavy truck sales are expected to grow by around 2.5%.

The Company plans to achieve a sale of Rs.515 crores in 2008-09, a growth of 14% over 2007-08 (including notional value of material). This growth will mainly come from the ramp-up of new businesses received from both domestic customers – Hyundai, Visteon, TVS Motor Company Limited, WABCO-TVS (INDIA) Limited and overseas customers – Volvo, Cummins and Ford UK.

8. CAPITAL EXPENDITURE

During the year 2008-09, the company proposed to make additional investments of Rs.100 crores, which is planned after taking into account the long term business prospects and export orders. The cash outgo is planned to be met partly by internal accruals and partly by rupee and foreign currency borrowings.

9. SUBSIDIARIES

During the year, M/s. WABCO-TVS (INDIA) Limited ceased to be a wholly owned subsidiary of the Company consequent to the extinguishment of 1,00,000 equity shares of Rs. 5/- each held by the Company, including the equity shares held by its nominees from the Effective date namely 28th March 2008, in terms of the Scheme of Arrangement sanctioned by the Hon'ble High Court of Madras vide its order dated 20th February 2008.

During the year, M/s. TVS Electronics Limited (TVSE), a subsidiary of the Company, has promoted the following new companies namely, M/s TVS-E Servicetec Limited, M/s Tumkur Property Holdings Limited and M/s Prime Property Holdings Limited, Chennai, as its wholly owned subsidiaries with a paid up capital of Rs.5,00,000/- each.

Similarly, during the year under review, M/s TVS Investments Limited (TVS-I), a wholly owned subsidiary of the Company, has promoted the following new companies, namely M/s. TVS Capital Funds Limited and M/s. TVS-E Access India Limited with a paid up capital of Rs. 5,00,000/- each.

During the year under review, M/s. TVS Finance & Services Limited, a listed subsidiary of TVS-I, a wholly owned subsidiary of the Company, was delisted from Bombay Stock Exchange Limited and Madras Stock Exchange Limited on 5th June 2008 and 12th June 2008 respectively, consequent to the 'Delisting Offer' made by TVS-I in accordance with Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 and became an unlisted subsidiary of the Company.

Subsequently, as part of restructuring of their core and non-core business activities among TVS-E Cluster companies, the shareholdings by TVSE and TVS-I in their respective subsidiaries were rearranged. As on date of this report, the following are the subsidiaries of the Company:



Sundaram-Clayton Limited

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

10. CONSOLIDATED ACCOUNTS

In terms of Accounting Standard 21 prescribed by the Institute of Chartered Accountants of India/Companies (Accounting Standards) Rule, 2006, the accounts of the subsidiaries are consolidated with the accounts of the Company and the consolidated accounts form part of this report.

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

The Central Government vide its letter No. 47/483/2008-CL-III dated 22nd July 2008 granted exemption from attaching the audited accounts and reports of the subsidiaries with that of the Company for the year ended 31st March 2008. This would help the Company to save considerable costs in printing and mailing.

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

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

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

11. DIRECTORS

Effective 23rd July 2008, Mr Suresh Krishna resigned as Chairman of the board for personal reasons. However, he continues to be a director of the Company, liable to retire by rotation in terms of the articles of association of the Company.

Several beneficial developments took place under his leadership in the business activities of the Company. Many new subsidiary companies came under the fold of the Company and as a promoter of M/s. TVS Motor Company Limited (TVSM), the Company has been supporting and providing necessary managerial and financial support to TVSM.

In all these spheres, Mr Suresh Krishna has been a source of great strength through his wise counsel and matured advice. His role as an entrepreneur exhibiting his vision, farsighted approach for taking advantage of the business environment and meeting the challenges of the industry, is well known in the automotive industry.

The board of directors wish to place on record their appreciation of the valuable services rendered by Mr Suresh Krishna during his tenure as Chairman of the Company for 29 years.

Effective 18th August 2008, Mr Gopal Srinivasan, resigned as joint managing director of the Company to enable him to concentrate on the new subsidiaries floated by TVS-I such as M/s. TVS Capital Funds Limited. However, he continues to be a non-executive director of the Company. Accordingly, the agreement entered into between the Company and Mr Gopal Srinivasan on the terms and conditions, as per the resolution passed by the shareholders at the general meeting held on 27th September 2006, of his re-appointment to hold the office as joint managing director of the Company for a period of five years from 1st December 2006 to 30th November, 2011, stands terminated by mutual consent.

Since Mr Gopal Srinivasan assumed the office of joint managing director in 1986, his drive and relentless pursuit to maximize the use of information technology in all spheres of the company's administration and management are remarkable. The level of competence and the e-friendly environment presently witnessed in all areas of SCL group companies are, in no small measure, due to his deep insight and thorough involvement.

He has been primarily responsible for the substantial improvement in the communication network.

He continuously strives for achieving excellence by introducing up-to-date advancements in the field of information technology and communication. SCL group companies as a whole, are grateful to him for facilitating and recording such a progress, keeping in line with the modern advanced systems adopted by many leading companies in the country.

The board records its deep appreciation of his services as joint managing director to the Company and to the SCL group as a whole. By agreeing to continue to serve on the board as directors, the board looks forward to the continuous association and expert advice of M/s. Suresh Krishna and Gopal Srinivasan in the years to come.

During the year, Mr Suresh Krishna, Mr D E Udawadia, Mr D D Udeshi and Mr Nikhil Madhukar Varty, directors, will be retiring at this annual general meeting and are eligible for re-appointment.

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

12. AUDITORS

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

13. STATUTORY STATEMENTS

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

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

Particulars of employees

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

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

Directors' Responsibility Statement

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

- (i) that in the preparation of annual accounts for the financial year ended 31st March 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were

reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the directors had prepared the accounts for the financial year ended 31st March 2008 on a "going concern basis".

14. CORPORATE GOVERNANCE

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

The managing director (CEO) and the executive vice-president (finance) (CFO) of the Company have certified to the board on financial statements and other matters in accordance with clause 49 (V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31st March 2008.

A management discussion and analysis report, as required by Listing Agreement, is also attached which forms part of this report.

15. ACKNOWLEDGEMENT

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

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	GOPAL SRINIVASAN	VENU SRINIVASAN
18 th August 2008	Director	Managing Director

Annexure I to the Directors' report

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

A. CONSERVATION OF ENERGY

1. Measures taken:

- (i) Replacement of 250 W overhead lamp with 150 W MH lamp in the shop floor without compromising illumination and lux levels – 180 nos;
- (ii) Introduced air demand controllers in between load and air reservoirs of compressors;
- (iii) Introduced automatic power factor in shop floor loads (320D and 1350 IV);
- (iv) Provision of dedicated lids in holding furnaces to reduce heat dissipation;
- (v) Introduced Kanthal heating coil from nickel chrome in holding furnaces which reduces energy consumption without affecting heating quality (6 Nos);
- (vi) Introduced Turbo ventilators instead of exhaust fans in new shed (6 Nos.);
- (vii) Introduced Idle timer cut off in Gravity Die Casting machines, Heat treatment and cutting machines
- (viii) Optimized furnace power capacity from 200 A to 110 A in new heat treatment furnace;
- (ix) Introduced LP & HP (Regulator) in Compressor line of Gravity Die Casting to optimize energy consumption by reducing the air pressure from 6 bar to 5 bar;
- (x) Variable Frequency Drive with AC Unit incorporation in Pressure Die Casting machines in 660T Group machines 2 Nos;
- (xi) Oil chiller & water chiller interfacing with machine control (1350, I, II, IV & 1100 II)

The above measures have resulted in an annual saving of about Rs.31 lakhs.

2. Proposed measures:

- (i) Turbo vent – Replacement for electrical driven exhaust fans – 8 Nos;
- (ii) Introduction of 200 W Metal Halide lamp installation in Volvo bay from 400 W halogen – 50 Nos;
- (iii) Optimization of Hydro Motor RPM in 400 T / 250 T group machines;
- (iv) Furnace Lid Auto interfacing to reduce heat loss – Flywheel & VG Turbo Cell;

- (v) Horizontal deployment of Variable Frequency Drive incorporation in all PDC machines;
- (vi) Introduction of Thyristor control from electric logic control to give stabilized unit consumption resulting in controlled heating – GDC furnaces – 4 Nos;
- (vii) Change improved lining material to reduce radiation loss in – F3, F4, F13, F14, F18;

This will result in a saving of about Rs.13.26 lakhs per annum.

B. TECHNOLOGY ABSORPTION

Research & Development (R & D)

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

Completed activities:

- (a) Optimization of heat treatment processes for aluminum GDC castings;
- (b) Identified mechanisms for corrosion in aluminum die cast components during processing eliminated;
- (c) Established techno-economic feasibility of HIPing process;
- (d) Established Industry-Institute linkage through CAR (Core-group on Automotive R&D) Programme for development of semi solid and squeeze casting & obtained grant of Rs. 2.73 crores for development of these processes at IISc, Bangalore;
- (e) Established performance testing of aluminium die cast component;
- (f) 32 Nos. die cast products developed;
- (g) Exploratory study conducted for development of magnesium components for automotive applications; and for development of aluminium components for aerospace industries.

Ongoing activities:

- (a) Development of semi solid processing and squeeze casting to produce high integrity castings;
- (b) Development of best practices for recycling of aluminium in-house scraps;
- (c) Optimization of microalloying of aluminium alloys to enhance properties;
- (d) Development of metal matrix composite and incorporating the technology to produce components with better mechanical properties in 'as cast' condition;
- (e) Development of technologies for reducing the consumption of furnace oil during melting.

<p>2. Benefits derived as a result of R & D:</p> <p>(a) Energy saving;</p> <p>(b) New die cast products developed for customers;</p> <p>(c) Eliminated rework cost due to corrosion of parts at warehouse and rejection at customers' end;</p> <p>(d) Improved product quality by optimization of heat treatment processes;</p> <p>(e) Validation of product life by performance testing;</p> <p>(f) Ideas generated for new businesses; and</p> <p>(g) Upgradation of Technical skill of employees.</p> <p>3. Future plan of action:</p> <p>(a) Energy conservation by development of alternate fuels and technology;</p> <p>(b) Establishment of state-of-the-art continuous heat treatment technology for aluminum castings to improve productivity, capital cost, improved energy consumption and reduce operational cost;</p> <p>(c) R&D efforts to develop new products for export markets;</p> <p>(d) Development of magnesium components for automotive applications;</p> <p>(e) Development of aluminium components for aerospace industries.</p>	<p>4. Expenditure on R & D:</p> <table border="0"> <tr> <td>Capital expenditure</td> <td style="text-align: right;">109.87</td> </tr> <tr> <td>Recurring expenditure (including salaries)</td> <td style="text-align: right;">468.81</td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right; border-top: 1px solid black;">578.68</td> </tr> <tr> <td>Total expenditure as percentage of sales turnover</td> <td style="text-align: right;">1.36%</td> </tr> </table> <p>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)</p> <p>Nil</p> <p>C. FOREIGN EXCHANGE EARNINGS AND OUTGO</p> <p>EXPORT ACTIVITIES:</p> <p>Export during the year ended 31st March 2008 amounted to Rs. 16,589.67 lakhs as against Rs. 14,572.51 lakhs for the year ended 31st March 2007.</p> <p>Total foreign exchange used and earned:</p> <table border="0"> <tr> <td>a) Foreign exchange used</td> <td style="text-align: right;">Rs. 23,246.30 lakhs</td> </tr> <tr> <td>b) Foreign exchange earned</td> <td style="text-align: right;">Rs. 16,589.67 lakhs</td> </tr> </table> <p style="text-align: right;">For and on behalf of the board</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 33%;">Chennai</td> <td style="width: 33%;">GOPAL SRINIVASAN</td> <td style="width: 33%;">VENU SRINIVASAN</td> </tr> <tr> <td>18th August 2008</td> <td>Director</td> <td>Managing Director</td> </tr> </table>	Capital expenditure	109.87	Recurring expenditure (including salaries)	468.81	Total	578.68	Total expenditure as percentage of sales turnover	1.36%	a) Foreign exchange used	Rs. 23,246.30 lakhs	b) Foreign exchange earned	Rs. 16,589.67 lakhs	Chennai	GOPAL SRINIVASAN	VENU SRINIVASAN	18 th August 2008	Director	Managing Director
Capital expenditure	109.87																		
Recurring expenditure (including salaries)	468.81																		
Total	578.68																		
Total expenditure as percentage of sales turnover	1.36%																		
a) Foreign exchange used	Rs. 23,246.30 lakhs																		
b) Foreign exchange earned	Rs. 16,589.67 lakhs																		
Chennai	GOPAL SRINIVASAN	VENU SRINIVASAN																	
18 th August 2008	Director	Managing Director																	



Management Discussion and Analysis Report

During the year under review, the Brakes business of the Company was demerged into a separate entity namely WABCO-TVS (INDIA) Limited. Hence, the discussion in MDAR for the financial year 2007-08 would concentrate on the non-brakes business left with the Company after the demerger comprising of the die casting division and investments. The previous year's data have also been recast to reflect only the non-brakes businesses.

I. Industry Structure and Development:

Domestic

The Indian economy continued to record a good overall performance during 2007-08. GDP registered a 9.0% increase, facilitated by 10.6% improvement in industrial production, 2.5% in agriculture and 10.4% growth in the services sector.

Barring the light commercial vehicle and the cars and MUVs segments, other segments of the industry registered negative growth during the year 2007-08. The following table highlights the industry production figures in vehicle units.

Category	2007-08	2006-07	Growth
Medium and Heavy Commercial vehicles	291,114	294,266	-1%
Light Commercial vehicles	254,062	225,734	13%
Cars & MUVs	1,762,129	1,544,850	14%
Three wheelers	500,592	556,124	-10%
Two wheelers	8,026,049	8,444,168	-5%

(Source: SIAM)

The higher interest rates and the squeeze on availability of finance put a halt to the growth of the heavy commercial vehicle segment witnessed during the past few years. As there is a ban on heavy vehicles movement inside the city limits, sale of HCV and Light Commercial Vehicles (LCV) grew by 10% and 19% respectively higher than the industrial growth rate.

The growth in car segment and the launch of more than 28 new models across all segments resulted in the sales growth in the domestic car market. India is emerging as one of the preferred centres of small car manufacturing in the world, which drives export-led manufacturing in our country.

During 2007-08, the two wheeler industry saw a negative growth of 5% over the previous year, with motorcycles segment registering a 8% drop. This was mainly due to the rise in interest rates and curtailing of disbursement of loans by retail financiers. Un-gearred scooters registered an increase of 16% and mopeds continued to grow at 10%.

Exports

On the exports front, as stated earlier the North American Truck Industry registered a negative growth during 2007-08. The following table highlights the industry production figures in vehicle units.

Category	2007-08	2006-07	Growth
Class 8 Trucks	187,555	360,509	-48%
Class 5-7 Trucks	196,131	256,270	-23%

(Source: ACT Research)

The change over from US04 to US07 emission regulations led to advanced buying of trucks in the North American market during 2006-07. Consequently sales and hence production of both Class 5-7 and Class 8 trucks witnessed a decline during 2007-08.

With Indian companies gaining the recognition as manufacturers of high quality automotive components in the international market, the component industry has recorded a healthy growth through a combination of increased domestic and exports sales. The production of auto component industry increased by 20% and exports increased by 26% over 2006-07. Growth of exports will be driven by the urge of international manufacturers to source from low cost countries. This trend will continue to benefit the Company's businesses.

II. Business outlook and overview

Amidst the backdrop of Global volatility of stock markets and commodity prices, the GDP is projected to grow at a slower rate of 8.1% during 2008-09. The high food and energy prices prevailing in the global markets will lead to inflationary pressures in the economy. The RBI is also expected to maintain its tight monetary policy control which could result in rise of interest rates.

This subdued outlook of the economy will impact the domestic automotive sector, which is expected to see a slowdown during 2008-09. While the passenger car industry is likely to register a growth of 8%, supported by the launch of small cars and export of small cars, the two-wheeler segment is expected to grow only by 2%, in spite of the low base of last year. Sales of motorcycles are expected to remain flat, while ungeared scooters will see a growth of 11% and mopeds are expected to grow by 5%. The domestic MHCV segment is expected to have nil growth for 2008-09.

The sale of Class 8 trucks (GVW > 14.75T) in the US market is projected to remain stagnant owing to the recessionary conditions in the US market. European heavy truck sales are expected to grow by 2.5% during 2008-09.

III. Opportunities & Threats

The Company caters to the requirements of commercial vehicle, passenger car and two wheeler segments of the automotive industry.

The projected growth of the domestic car industry and the ambitious export programme of OEMs are likely to benefit the Company. New

orders that have been received from existing domestic customers will be met during 2008-09, thus increasing the sales.

The sale of Class 8 trucks in North American market is expected to remain flat during 2008-09. Ramping-up of new products developed and development of parts for the new orders received from international customers will enhance the growth of our exports business.

With the increasing opportunities for exporting aluminium castings from India, many captive Indian die casting units and new manufacturers are setting up facilities to enter into this market. This could result in increased competition for export of castings in the future.

The OEM customers across the world are likely to continue their pressure on price reduction from their suppliers. However, the company supply contracts provide for price adjustments in relation to the cost of raw materials like aluminium and hence the impact of cost increases will be greatly mitigated.

IV. Risks and concerns

Economic slowdown

India has witnessed a healthy economic growth of greater than 8.5% during the past few years. This growth was mainly driven by service sector performance as well as strong manufacturing output. The freight situation in the commodity markets, rising crude oil prices and the recessionary trend in the US is expected to take a toll on the performance of the Indian economy in 2008-09. Slowdown in both the US and Indian economy could affect the sales of the Company.

Industry specific

The Company caters to the requirements of the automotive industry. The recent developments in the global economic conditions have led to inflation pressure on the Indian economy. To control inflation, the Government has initiated actions to control money supply such as hiking Cash Reserve Ratio (CRR) through the RBI. It is expected that money supply to industry could become a constraint and in case of need, borrowers may have to pay higher rate of interest to avail of bank credit. Restriction in money supply is likely to further reduce demand for two wheelers and four wheelers. The rising crude oil prices will further impact the profitability of the fleet operators and hence the demand for commercial vehicles might be affected. These factors will affect the Company's domestic sales.

Sourcing

Global demand for commodities remains strong and has fueled a sustained shortage of raw materials and driven up prices. The fluctuations in the prices of aluminium and crude oil will increase the raw material and fuel cost of die cast components, which might not be fully compensated by the customer. The Company plans to mitigate this risk through cost reduction projects. The benefit of lower cost of imported aluminium shall have to be passed to the Company's domestic customers as price reduction, which would affect the top line of the Company.

Forex

The Company follows a de-risked business model by widening the customer base and catering to the export market. After the unprecedented appreciation of the Indian rupee in 2007-08, the rupee has softened against the US dollar giving temporary relief to Indian exporters. It is expected that the rupee may continue at current levels for a short period of 2-3 months before appreciating against the dollar. The losses, if any, in exports due to rupee appreciation is partly offset by compensating with import of raw material such as aluminium. However, the continued hardening of the Indian Rupee will affect the Company's competitiveness in the export market and profit performance.

Contractual

The stringent demand of the automobile industry places rigorous demands on the quality of products supplied. Quality is, therefore, monitored closely. Although every reasonable precaution is taken, unforeseen defects in parts can result in incurring considerable expense for rework or product recall. They can also lead to contractual risks. Appropriate liability and insurance in line with standard industry practice is taken out to cover the possibilities of damages and/or liability risks.

Capacity utilization

The Company manufactures components for its customers in accordance with unique order specifications. This can temporarily lead to either under utilization of capacity or to capacity bottlenecks. Further, delays in launch of new products at the customer-end might lead to short-term excess capacities, resulting in lower utilization levels. The die casting business being capital intensive, enough care is taken to protect the Company's interests in case of delays and drastic changes in customer's requirements.

V. Internal control system and their adequacy

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded and reported correctly. The internal controls are supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures. The status of the observations made during the internal audit is reviewed by the audit committee of the Board of Directors and concerns if any are reported to the Board.

VI. Operations review

A. Manufacturing

The Company's manufacturing facilities follow the best practices such as TQM, TPM and Lean Manufacturing and has best-in-class practices for safety, work environment, water and energy conservation.

Continuous improvement actions are implemented to improve manufacturing quality and productivity in all the manufacturing locations.

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

B. Quality

The quality system at the factory aims at achieving total customer satisfaction through its focus on improving product quality to World standards. This is achieved through total employee involvement and continuous improvement culture. Rigorous usage of poka-yokes, utilization of statistical tools for process optimization and control also contribute towards improving the product quality.

The standardization of the quality procedures is aligned with QS 9000/ TS 16949 requirements. The Company is certified for TS 16949.

Total quality management (TQM) is a way of life at SCL. 100% employee involvement has been successfully achieved for the 9th consecutive year.

Employees have completed more than 383 projects by applying statistical tools through QC Circles in 2007-08. The average number of suggestions implemented per employee in 2007-08 is 40.

C. Cost management

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

D. Information Technology

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

The Company, during the year, further strengthened the information security by initiating the actions for the external security audit of IT system, conducted by an external agency.

VII. Human Resource Development

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

A reward and recognition system is in place to provide fast track growth for high potential employees. Career development workshops are undertaken to identify such high potential.

Executives are sponsored to overseas and inland universities for developing their capabilities to handle new technologies and 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.

The Company continues to maintain its impeccable record on industrial relations.

As of 31st March 2008, the Company had 1612 employees on its rolls.

VIII. Environment & Safety

Safety management is integrated with the overall environment, health and safety (EHS) management system. Both the plants of the die casting division have been certified for OHSAS 18001 systems. The Company also took up preparatory work for combining its ISO 14001 and OHSAS 18001 systems into an Integrated Management System (IMS).

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

- Air demand controllers for compressors.
- Optimizing furnace power capacity.
- Power factor improvement.
- Introduction of variable frequency drives (VFD) for motors.
- Use of energy efficient lighting systems.

IX. Community development and social responsibility

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

X. Financial / operational performance

The financial and operational performance for the year 2007-08 as compared to the previous year is furnished in the following table.

Particulars	Year ended 31st March 2008		Year ended 31st March 2007 (*)	
	Rs. in lakhs	%	Rs. in lakhs	%
Sales	42693.28	92.53	81619.31	94.38
Other income	3448.42	7.47	4862.14	5.62
Total income	46141.70	100.00	86481.45	100.00
Raw materials consumed	20120.30	43.61	43097.52	49.83
Traded goods consumed	1444.79	3.13	179.71	0.21
Staff cost	5108.64	11.07	8741.07	10.11
Stores and tools consumed	3807.95	8.25	4205.40	4.86
Power and fuel	2147.40	4.65	2628.81	3.04
Repairs and maintenance	1768.51	3.83	2122.33	2.45
Other expenses	4353.54	9.44	7895.28	9.14
Interest - net	1080.78	2.34	1523.77	1.76
Depreciation	2774.43	6.01	3279.30	3.79
Total expenditure	42606.34	92.33	73673.19	85.19
Profit before tax	3535.36	7.67	12808.26	14.81
Provision for taxation				
Current tax	900.00	1.95	3200.00	3.70
Fringe benefit tax	58.18	0.13	96.99	0.11
Deferred tax	185.16	0.40	395.40	0.46
Profit after tax	2392.02	5.19	9115.87	10.54

(*) The results of the Company for the current financial year 2007-2008 are not comparable with that of the previous year 2006-2007 as the current year's figures are exclusive of figures of the demerged undertaking, namely brakes business which stood transferred to WABCO-TVS (INDIA) Limited with effect from 28th March 2008 in terms of the Scheme.

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.



Report on Corporate Governance

1. Company's philosophy on code of governance

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

2. Board of directors

2.1 Composition and category of directors:

As of 31st March 2008, the board consists of twelve directors. All the directors except managing director and joint managing director are non-executive directors.

Out of the ten non-executive directors, four directors viz., M/s Suresh Krishna, D E Udawadia, D D Udeshi and Vice Admiral P J Jacob (Retd) are independent directors.

Subsequently, Mr Suresh Krishna resigned as Chairman of the board effective 23rd July 2008 but continues as a non-executive director of the Company. Mr Gopal Srinivasan resigned as joint managing director of the company effective 18th August 2008. However, he continues to be a non-executive director of the Company.

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 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 Number of board meetings held and dates on which held:

During the year 2007-2008, the board met 7 times on 27th April 2007, 11th May 2007, 14th May 2007, 13th July 2007, 10th August 2007, 30th October 2007 and 28th January 2008 and the gap between two meetings did not exceed four months.

2.3 Particulars of attendance of directors at the board meetings held during the financial year 2007-2008 and at the last annual general meeting, number of directorships and committee chairmanships / memberships held by the directors in all companies as per declaration furnished by them are given in the table below:

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	5	Yes	9	5	2
Venu Srinivasan	MD	7	Yes	14	5	3
Gopal Srinivasan @	JMD	3	No	17	2	-
K Mahesh	NE-NI	5	Yes	6	2	-
T K Balaji	NE-NI	6	No	14	6	1
D E Udawadia	NE-I	6	No	21	8	-
D D Udeshi	NE-I	5	No	7	-	-
Vice Admiral P J Jacob (Retd)	NE-I	7	Yes	2	2	2
Dr Christian Wiehen	ND	1	No	3	-	-
Nikhil Madhukar Varty	ND	1	No	2	-	-
Leon Liu	ND	-	No	11	-	-
Pascale F.Rahman	ND	1	No	10	-	-
K S Shah (Alternate Director to Mr Leon Liu)	AD	6	Yes	1	3	1

* includes private companies.

** includes committees where the director is also chairman.

*** resigned as chairman effective 23rd July 2008

@ resigned as joint managing director effective 18th August 2008

C : Chairman

MD : Managing director

JMD : Joint managing director

NE-I : Non executive - Independent director

NE-NI : Non executive - Non-independent director

ND : Nominee director (Nominated by the collaborators)

AD : Alternate director

None of the directors is a member in more than 10 board level committees or chairman of more than 5 such committees as required under clause 49 of the listing agreement.

2.4 Access to information and updation to directors:

The board of directors of the Company 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 and they also make presentations to the board and audit committee of directors.

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

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

The Company has in place the Code of Conduct for Business and Ethics for Board of Directors and Senior Management (the Code) approved by the board of directors. The Code has been communicated to directors and the members of the senior management. The Code has also been displayed on the Company's website www.sundaramclayton.com.

All the board members and senior management have confirmed compliance with the Code for the year ended 31st March 2008. The annual report contains a declaration to this effect signed by the managing director and the secretary of the Company as compliance officer of the Code.

2.6 Appointment of Directors

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

3. Audit Committee

3.1 Brief description of terms of reference:

- Overseeing the Company's financial reporting process and the disclosure of financial information.
- Reviewing with the management quarterly and annual financial statements before submission to the board for approval with particular reference to the matters specified in the Listing Agreement.
- Reviewing the related party transactions.
- Reviewing the reports of Internal Auditors and ensuring that adequate follow-up action is taken by the management on observations and recommendations made by the internal auditors.
- Recommending to the board the appointment / re-appointment / replacement of the statutory auditors and the fees payable for audit and for other services rendered by the statutory auditors.

- Reviewing with the management, the performance of statutory and internal auditors.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit functions and systems, structure, reporting process, audit coverage and frequency of internal audit.
- Discussion with external auditors regarding audit plan as well as post-audit discussion to ascertain any area of concern.
- Ascertainment of reasons for substantial defaults in the payment in case of non-payment of declared dividends and creditors.
- Review of management discussion analysis of financial conditions and results of operations and other matters specified under clause 49 of the Listing Agreement.
- Review of financial statements, in particular the investments made by the unlisted subsidiary.
- In addition, review of such other functions as envisaged under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchanges.

3.2 Composition, name of members and the chairman:

As of 31st March 2008, the audit committee consists of the following independent and non-independent directors:

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

Vice Admiral Mr P J Jacob, independent director, is the chairman of the audit committee. Mr V N Venkatanathan, executive vice-president (finance) & secretary of the Company acts as the secretary of the Audit Committee. Chairman of the Audit Committee was present at the annual general meeting held on 3rd October 2007.

The Board appointed Mr K S Shah, independent and alternate director, as a member of the Audit Committee effective 24th July 2007 in the place of Mr D D Udeshi who resigned as a member of the Audit Committee effective 23rd July 2007.

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

Date of the meeting	Members present (M/s)
27 th April 2007	Vice Admiral P J Jacob, D D Udeshi and T K Balaji
13 th July 2007	Vice Admiral P J Jacob, D D Udeshi and D E Udawadia
10 th August 2007	Vice Admiral P J Jacob, D E Udawadia and T K Balaji
30 th October 2007	Vice Admiral P J Jacob, D E Udawadia, T K Balaji and K S Shah
28 th January 2008	Vice Admiral P J Jacob, D E Udawadia, T K Balaji and K S Shah

4. Disclosures

4.1 Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large:

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

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

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

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

4.2 Details of non-compliance(s), if any by the Company:

The Company has complied with all the requirements of the Stock Exchange(s) or Securities and Exchange Board of India on matters related to Capital Markets, as applicable from time to time. There were no penalties imposed or strictures passed against the Company by the statutory authorities in this regard.

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

4.4 The Company follows the Accounting Standards issued by the Institute of Chartered Accountants of India and Company (Accounting Standards) Rules, 2006. The Company has not adopted a treatment different from that prescribed in any Accounting Standard, in the preparation of financial statements.

4.5 The managing director (CEO) and executive vice-president (finance) & secretary (CFO) of the Company have certified to the board on financial statements and other matters in accordance with clause 49 (V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31st March 2008.

4.6 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. Remuneration to directors

The board has not constituted a remuneration committee, as the need for forming such committee has not arisen. The remuneration to managing directors is decided by the board of directors subject to the approval of the shareholders.

5.1 Remuneration to directors:

Mr Venu Srinivasan was re-appointed as managing director for a period of five years effective 23rd May 2004 on a remuneration consisting only salary and other perquisites in terms of the agreement entered into between him and the Company on 30th April 2004. The shareholders at the general meeting held on 17th September 2004 approved the reappointment and the remuneration.

Mr Gopal Srinivasan was re-appointed as joint managing director for a period of five years effective 1st December 2006 on a remuneration consisting only salary, commission and other perquisites in terms of the agreement entered into between him and the Company on 27th September 2006. The shareholders at the general meeting held on 27th September 2006 approved the reappointment and the remuneration.

Mr Venu Srinivasan, managing director and Mr Gopal Srinivasan, joint managing director were paid remuneration within the limits stipulated by Schedule XIII to the Companies Act, 1956. Mr Gopal Srinivasan is also paid commission not exceeding 2% of the net profits of the Company as fixed by the board.

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

5.2 Particulars of sitting fees paid to non-executive directors during the financial year 2007-2008:

Name of the non-executive directors M/s.	Sitting fee (Rs.)
Suresh Krishna *	52,500
K Mahesh *	52,500
T K Balaji **	1,35,000
D E Udawadia	75,000
D D Udeshi	52,500
Vice Admiral P J Jacob (Retd)	90,000
Dr Christian Wiehen	7,500
Nikhil Madhukar Varty	7,500
Pascale F Rahman	7,500
K S Shah	60,000

5.3 Details of shareholdings of non-executive directors in the Company as on 31st March 2008:

Name of the non-executive directors M/s.	No. of Shares
Suresh Krishna *	1,532
K Mahesh*	243
Gopal Srinivasan ***	66
T K Balaji **	Nil
D E Udawadia	Nil
D D Udeshi	Nil
Vice Admiral P J Jacob (retd.)	Nil
Dr Christian Wiehen	Nil
Leon Liu	Nil
Nikhil Madhukar Varty	Nil
Pascale F Rahman	Nil
K S Shah (alternate director)	Nil

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

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

*** Became a non-executive director on 18th August 2008

None of the other directors is related to each other.

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

5.4 Particulars of remuneration paid to managing directors during the financial year 2007-2008

(Rs. in lakhs)

Name of the Managing Directors M/s.	Salary	Contribution to PF and other funds	Perqui- sites	Commi- ssion on profits	Total
Venu Srinivasan	18.00	5.61	5.14	-	28.75
Gopal Srinivasan	18.00	5.61	8.22	55.94	87.77

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

6. Investors' grievance committee

6.1 The investors grievance committee consists of four members, viz., M/s Mr Venu Srinivasan, managing director, Mr Suresh Krishna, Mr K Mahesh and Mr T K Balaji, directors of the Company. Mr Suresh Krishna is the Chairman of the Committee. The Committee met 4 times during the year.

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

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

6.4 Complaints received and redressed during the year 2007-2008

S. No.	Nature of complaint	No. of complaints
1	Non receipt of share certificates	4
2	Non receipt of dividend warrants	14
3	Non receipt of annual reports	2
4	Other complaints	1
	Total	21

6.5 All the complaints were resolved and, as on 31st March 2008, no complaint was pending.

All requests for dematerialization of shares were carried out within the stipulated time period and no share certificate was pending for dematerialization as on 31st March 2008.

6.6 Secretarial Audit

A qualified practising company secretary carried out secretarial audit on a quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital and placed the report for the perusal of the Board. The secretarial audit report confirms that the total issued and listed capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

7. General body meeting:

7.1 a. Location and time where the annual general meetings were held during the last three years:

Year	Location	Date	Time
2004-2005	The Music Academy, New No.168, T T K Road (Mowbrays Road), Chennai 600 014	29.09.2005	10.15 A.M
2005-2006	The Music Academy, New No.168, T T K Road (Mowbrays Road), Chennai 600 014	27.09.2006	10.15 A.M
2006-2007	The Music Academy, New No.168, T T K Road (Mowbrays Road), Chennai 600 014	03.10.2007	10.30 A.M



(b) In pursuance of the order of the Hon'ble High Court of Madras vide its order dated 20th February 2008, the meeting of the shareholders was convened on 22nd October 2007 for approving the Scheme of Arrangement made between the Company (Demerged Company) and WABCO-TVS (INDIA) Limited (Resulting Company) and their respective shareholders and creditors under Sections 391 - 394 of the Companies Act, 1956. The said scheme was approved by the shareholders unanimously by way of a special resolution and the result of the poll is given as follows:

Total Number of Valid Votes cast	Votes cast In favour	Votes cast against	% of votes cast in favour
1,54,39,384	1,54,39,384	–	100%

The Hon'ble High Court of Madras vide its order dated 20th February 2008 sanctioned the Scheme of Arrangement between the Shareholders of the Company and their respective Creditors. The said order was filed with the Registrar of Companies on 28th March 2008 and the Scheme became effective on 28th March 2008.

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

During the last three years, namely 2004-2005 to 2006-2007, there was no requirement to get the approval of the shareholders by passing special resolutions

7.3 Special resolution passed last year through Postal Ballot:

None of the subjects placed before the shareholders in the last annual general meeting required approval by a postal ballot in terms of section 192A of the Companies Act, 1956 and the Companies (Passing of Resolution by Postal Ballot) Rules 2001.

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

8. Means of communication

8.1 Quarterly results:

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

8.2 Newspapers wherein results normally published:

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

8.3 Website:

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

8.4 Management Discussion and Analysis Report:

As required by clause 49 of the Listing Agreement, the management discussion and analysis report has been furnished as part of the directors' report.

9. General shareholder information

9.1 Annual general meeting:

Date and time : Thursday, the 25th September, 2008
at 10.30 a.m

Venue : The Music Academy, New no 168
(Old No.306), T T K Road
(Mowbrays Road), Chennai 600 014

9.2 Financial year : 1st April to 31st March

Financial calendar 2008-09 (Tentative):

Financial reporting for
the quarter ending : Financial calendar
30th June 2008 : 23rd July 2008
30th September 2008 : between 15th to 31st of October 2008
31st December 2008 : between 15th to 31st of January 2009
31st March 2009 : between 15th to 30th of April 2009
Annual general meeting : August / September 2009
(next year)

9.3 Date of book closure : 2nd September, 2008 to
4th September, 2008
(both days inclusive)

9.4 Particulars of dividend payment :

The board of directors has declared a second interim dividend of Rs. 1.75 per share for the year 2007-2008, absorbing a sum of Rs. 331.93 lakhs and this will be paid to the shareholders on or after 8th September 2008.

9.5 Listing on Stock Exchanges:

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

(Note : Annual listing fees for the year 2008-2009 have been duly paid to the above stock exchanges)

(*) The shareholders may please note that the Scrip Code SUNDRMCLAY allotted by The National Stock Exchange of India Limited (NSE) stood cancelled and note the new Code as above consequent to the listing

of the new equity shares of Rs. 5/- each issued by the Company in terms of the Scheme of Arrangement.

(**) The shareholders may please note the new ISIN allotted by the depositories as above which pertains to the new equity shares of Rs. 5/- each issued by the Company in terms of the Scheme of Arrangement between the Company and WABCO-TVS (INDIA) Limited vide the order dated 20th February 2008 of Hon'ble High Court of Madras.

Consequently, the existing ISIN namely INE 105A01019 pertaining to the old equity shares of Rs. 10/- each stood cancelled consequent to the above re-organization of the share capital of the Company.

9.6 Market Price Data:

Month	Bombay Stock Exchange Limited (BSE) (in Rs.)		National Stock Exchange of India Ltd. (NSE) (in Rs.)	
	Month's high price	Month's low price	Month's high price	Month's low price
April 2007	974.85	845.00	969.00	840.00
May 2007	1,017.00	810.00	1,012.00	800.00
June 2007	965.00	855.00	955.00	835.40
July 2007	888.95	761.40	900.00	782.00
August 2007	893.00	659.85	808.85	640.90
September 2007	835.00	695.25	791.00	699.90
October 2007	833.00	703.25	819.00	701.05
November 2007	820.00	718.65	825.00	713.25
December 2007	894.85	739.00	1,000.00	745.00
January 2008	935.00	567.00	890.00	600.00
February 2008	799.00	625.10	729.00	630.15
March 2008	720.45	506.05	719.00	452.65

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

a. Company's share price performance in comparison to BSE Sensex.

Period	Percentage change in	
	Company's share price (%)	Sensex (%)
2007-2008	-40.23	+19.68
2006-2007	+6.93	+15.89
2005-2006	+37.46	+73.73

b. Company's share price performance in comparison to NSE Nifty.

Period	Percentage change in	
	Company's share price (%)	Nifty (%)
2007-2008	-44.15	+24.66
2006-2007	+9.44	+11.60
2005-2006	+37.42	+67.17

The information furnished under clause 9.6 and 9.7 hereabove are in respect of the equity shares with a face value of Rs.10/- each which stood cancelled and extinguished in terms of the Scheme of Arrangement between the Company and WABCO-TVS (INDIA) Limited and their respective shareholders and creditors sanctioned by the Hon'ble High Court of Madras vide its order dated 20th February 2008. The trading of the new shares were permitted by the Madras Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited with effect from 20th June 2008

9.8 Share Transfer System

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



Sundaram-Clayton Limited

9.9 Shareholding pattern as on 31st March 2008:

Particulars	No. of shares held	% to total
A) Shareholding of Promoter and Promoter Group		
1. Indian - Bodies Corporate	7,744,064	40.83
2. Foreign - Bodies Corporate	7,430,000	39.17
Total Shareholding of Promoter and Promoter Group (A)	15,174,064	80.00
B) Public Shareholding		
1. Institutions		
a) Mutual Funds	1,111,887	5.86
b) Banks, Financial Institutions, Insurance Companies (Central, State Government Institutions, Non-Government Institutions)	26,967	0.14
c) Foreign Institutional Investors	160,305	0.85
Sub Total Institutions	1,299,159	6.85
2. Non-Institutions		
a) Bodies Corporate	324,335	1.70
b) Individuals <1 lakh	1,833,842	9.68
c) Individuals >1 lakh	304,244	1.60
d) NRI - Repatriable	18,362	0.10
e) NRI - Non-Repatriable	13,578	0.07
Sub Total Non-Institutions	2,494,361	13.15
Total (B)	3,793,520	20.00
Grand Total (A) + (B)	18,967,584	100.00

9.10 Distribution of shareholding as on 31st March 2008

Shareholding (Range)	No. of shares	%	No. of members	%
Upto 5000	1,434,752	7.56	17,110	97.71
5001-10000	155,572	0.82	207	1.18
10001-20000	119,188	0.63	81	0.46
20001-50000	191,207	1.01	59	0.34
50001-100000	115,109	0.61	16	0.09
100001 & above	16,951,756	89.37	38	0.22
Total	18,967,584	100.00	17,511	100.00

9.11 Dematerialization of shares and liquidity

Out of 37,93,520 shares held by persons other than promoters, 33,30,010 shares have been dematerialised as on 31st March 2008 accounting for 87.78%.

9.12 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.

9.13 Plant locations :

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

Hosur
Hosur - Thally Road
Belagondapalli
Hosur 635 114
Tel : 04347 - 233445 Extn: 1100
Fax : 04347 - 233014
Web site
www.sundaramclayton.com

9.14 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 (ii) for any query on annual report (iii) for redressing their grievances, if any

Sundaram-Clayton Limited
Share transfer department
New No.22, Old No.31
Railway Colony, 3rd Street
Mehta Nagar, Chennai 600 029

Note: Applicable to all the shareholders irrespective of their mode of holding (physical or demat)

Tel. : 044-2374 1889,
044-2374 2939
Fax : 044-2374 1889
Email : kr.raman@scl.co.in
sclshares@gmail.com
investorscomplaintssta@scl.co.in
vnv@scl.co.in

10. 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:

10.1 The Board:

No policy has been fixed on tenure of independent directors

10.2 Remuneration committee:

The board has not set up a remuneration committee, as the need for the same has not arisen.

10.3 Shareholder rights:

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

10.4 Audit Qualifications:

The statutory financial statements of the Company are unqualified.

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

The present board of directors 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.

10.6 Whistle blower policy:

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

11. Request to investors

- Investors holding shares in physical mode are requested to kindly note the following procedures:
 - Investors are requested to communicate bank details, the change of address, if any, directly to the Share Transfer Department of the Company located at the address mentioned above.
 - In case of loss / misplacement of share certificates, investors should immediately lodge a FIR / Complaint with the police and inform the Company with original or certified copy of FIR / acknowledged copy of complaint for marking stop transfer of shares.
 - For expeditious transfer of shares, investors should fill in complete and correct particulars in the transfer deed. Wherever applicable, registration number of Power of Attorney should also be quoted in the transfer deed at the appropriate place.
 - Investors, whose signature has undergone any change over a period of time, are requested to lodge their new specimen signature duly attested by a bank manager to the Share Transfer Department of the Company.
 - Investors of the Company 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.
- As required by SEBI, investors may 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.
- Investors are requested to dematerialize their physical share certificates, through a depository participant. Shareholders requiring any further clarification / assistance on the subject may contact the Share Transfer Department.
- Nomination in respect of shares – Section 109A of the Companies Act, 1956 provides facility for making nominations by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go through the process of obtaining succession certificate / probate of the will etc. It would, therefore, be in the best interests of the shareholders holding shares in physical form registered as a sole holder to make such nominations. Investors, who have not availed nomination facility, are requested to avail the same by submitting the nomination form. This form will be made available on request. Investors holding shares in demat form are advised to contact their DP's for making nominations.
- Investors holding shares in electronic form are requested to deal only with their depository participants in respect of any change of address, nomination facility and furnishing bank account number etc.
- Investors are requested to note that National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) have announced the launch of SMS alert facility for demat account holders whereby investors will receive alerts for debits / credits (transfers) to their demat accounts a day after the debit. These alerts will be sent to those account holders who have provided their mobile numbers to their Depository Participants (DPs). No charge will be levied by NSDL / CDSL on DPs for providing this facility to investors. This facility will be available to investors who request for the same and provide their mobile numbers to the DPs. Further information is available on the website of NSDL and CDSL, namely www.nsd.co.in and www.cdslindia.com respectively.
- Investors are requested to kindly note that any dividend which remains unencashed for a period of seven years will get transferred to "Investors Education and Protection Fund" (IEPF) in terms of Section 205C of the Companies Act, 1956.
- Investors, who have not encashed their dividend warrants in respect of dividend declared from the financial year ended 31st March 2001 and for any financial year thereafter may contact the Company and surrender their warrants for payment. Members are requested to note that the dividend not claimed for a period of seven years from the date they first became due for payment shall be transferred to IEPF in terms of Section 205C of the Companies Act, 1956.



Sundaram-Clayton Limited

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

PARTICULARS OF UNCLAIMED DIVIDEND

Financial year	Date of Declaration	Date of transfer to special account	Date of transfer to IEPF
2000-01	26.09.2001	01.11.2001	01.11.2008
2001-02(Interim)	07.06.2002	13.07.2002	13.07.2009
2002-03(1 st Interim)	25.10.2002	30.11.2002	30.11.2009
2002-03(2 nd Interim)	12.06.2003	18.07.2003	18.07.2010
2003-04(1 st Interim)	22.10.2003	27.11.2003	27.11.2010
2003-04(2 nd Interim)	30.04.2004	05.06.2004	05.06.2011
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
2007-08(1 st Interim)	30.10.2007	05.12.2007	05.12.2014

Reminders are sent to Investors periodically advising them to encash the unclaimed dividends before transferring the unclaimed dividends to IEPF. Investors will be advised well in advance before transferring the unclaimed dividends to IEPF. Investors are requested to note that, as per the Companies Act, 1956, unclaimed dividends once transferred to IEPF will not be refunded.

Declaration pursuant to Clause 49 of the listing agreement regarding adherence to the Code of Business Conduct and Ethics

To the Shareholders of Sundaram-Clayton Limited

On the basis of the written representations received from members of the board and senior management personnel in terms of the relevant provisions of clause 49 of the Listing Agreement, we hereby certify that both the members of the board and the senior management personnel of the company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the company as laid down by the board of directors for the year ended 31st March 2008.

VENU SRINIVASAN

Managing Director

Chennai

18th August 2008

V N VENKATANATHAN

Executive Vice President-

Finance & Secretary

Auditors' Certificate on compliance of the provisions of the Code of Corporate Governance in the Listing Agreement

The shareholders of Sundaram-Clayton Limited, Chennai

We have examined the compliance of conditions of Corporate Governance by Sundaram-Clayton Limited, Chennai – 600 006 for the year ended 31st March 2008, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

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

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

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

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

For SUNDARAM & SRINIVASAN

Chartered Accountants

M BALASUBRAMANIAM

Partner

Membership No.F7945

Chennai

18th August 2008

Auditors' report to the Shareholders

We have audited the attached balance sheet of M/s.Sundaram-Clayton Limited, Chennai 600 006 as at 31st March 2008, the profit and loss account and the cash flow statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- (iv) in our opinion, the balance sheet, profit and loss account and the cash flow statement dealt with by this report comply with the accounting standards, referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) on the basis of written representations received from the directors, as on 31st March 2008 and taken on record by the board of directors, we report that no director is disqualified from being appointed as a director of the company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 on the said date;
- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a. in so far as it relates to the balance sheet, of the state of affairs of the company as at 31st March 2008;
 - b. in so far as it relates to the profit and loss account, of the profit of the company for the year ended on that date; and
 - c. in so far as it relates to the cash flow statement, of the cash flows for the year ended on that date.

For SUNDARAM & SRINIVASAN
Chartered Accountants

M BALASUBRAMANIAM
Partner
Membership No. F7945

Chennai
18th August 2008

Auditors' report to the Shareholders**Annexure referred to in our report of even date on the accounts for the year ended 31st March 2008**

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification at reasonable intervals, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification;
- (c) During the year there was no transfer of assets affecting the going concern status other than the assets transferred on de-merger.
- (ii) (a) The inventory including those with third parties, other than in-transit have been physically verified at reasonable intervals during the year by the management. In our opinion the frequency of such verification is adequate.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business;
- (c) In our opinion, the company has maintained proper records of inventory. The discrepancies between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account.
- (iii) (a) During the year, the company has granted unsecured loans to 5 of its subsidiaries amounting to Rs 6,508 lakhs. (Balance due as at the year end is Rs 1,133 lakhs.)
- (b) During the year, the company has availed and repaid a sum of Rs 250 lakhs as unsecured loan from one of its subsidiaries. Apart from this the company has not taken any loans, secured or unsecured, from companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (c) In our opinion, the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the company as regards items (a) and (b) above;
- (d) The company is regular in repaying and recovering the principal amount as stipulated and is also regular in payment and receipt of interest.
- (e) There are no overdue sums recoverable from subsidiaries or companies listed under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the contracts or arrangement that need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 have been properly entered in the said register;
- (b) In our opinion and according to the information and explanations given to us, the transactions entered in the register maintained under Section 301 and exceeding during the year by rupees five lakhs in respect of each party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposit from the public.
- (vii) The company has an internal audit system which, in our opinion, is commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government under Section 209 (1)(d) of the Companies Act, 1956 for maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the records provided to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income tax, Sales tax, Wealth tax, Customs duty, Excise duty, Service tax, Cess and other statutory dues with the appropriate authorities. The die casting division at Belagondapalli near Hosur is not covered under the Employees' State Insurance Act;
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Service tax and Cess were in arrears, as at 31st March 2008 for a period of more than six months from the date they became payable;
- (c) According to the information and explanations given to us, the following are the details of the disputed dues, that were not deposited with the concerned authorities:

Auditors' report to the Shareholders

Annexure referred to in our report of even date on the accounts for the year ended 31st March 2008. (Continued)

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Forum where dispute is pending
Tamilnadu Town and Country Planning Act, 1971	Fee payable to CMDA	57.75	The High Court of Judicature at Madras.
The Tamilnadu Tax on Consumption or Sale of Electricity Act, 2003	Tax on electricity consumed	3.19	The High Court of Judicature at Madras
Central Excise Act, 1944	Interest on excise duty	5.60	Central Excise and Service Tax Appellate Tribunal, Chennai
Income Tax Act, 1961	Income tax	14.61	Commissioner of Income-tax (Appeals), Chennai
Service Tax Act, 1994	Service tax	4.66	Central Excise and Service Tax Appellate Tribunal, Chennai
		44.15	Commissioner of Central Excise (Appeals), Chennai

- (x) The company neither has accumulated losses as at the end of the financial year nor has incurred cash losses during the financial year and in the immediately preceding year.
- (xi) Based on our verification and according to the information and explanations given by the management, the company has not defaulted in repayment of dues to any bank.
- (xii) Based on our examination and according to the information and explanations given to us, the company has not granted loans and

advances on the basis of security by way of pledge of shares, debentures and other securities.

- (xiii) The company is not a chit / nidhi / mutual benefit fund / society and as such clause (xiii) of the Order is not applicable;
- (xiv) The company is not dealing or trading in shares, securities, debentures and other investments other than in mutual fund instruments.
- (xv) In our opinion, the terms and conditions of guarantees given by the company for loans taken by 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 investment.
- (xviii) During the year the company has not allotted any shares on preferential basis to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) During the year, the company has not issued any secured debentures.
- (xx) During the year the company has not raised any money by public issue.
- (xxi) Based on the audit procedures adopted and information and explanations given to us by the management, no fraud on or by the company has been noticed or reported during the course of our audit.

For SUNDARAM & SRINIVASAN
Chartered Accountants

M BALASUBRAMANIAM

Partner

Membership No. F7945

Chennai
18th August 2008



Sundaram-Clayton Limited

Balance Sheet as at 31st March 2008

(Rupees in lakhs)

	Schedule number		As at 31.03.2008	As at 31.03.2007
I. SOURCE OF FUNDS				
1. Shareholders' funds				
a) Capital	I	948.38	1,896.76	
b) Reserves and surplus	II	<u>22,963.64</u>	<u>32,525.91</u>	
			23,912.02	34,422.67
2. Loans				
a) Secured loans	III	10,605.08	11,685.11	
b) Unsecured loans	IV	<u>16,133.09</u>	<u>9,893.88</u>	
			26,738.17	21,578.99
3. Deferred taxation (net)				
	V		<u>1,981.24</u>	<u>1,935.74</u>
			52,631.43	57,937.40
II. APPLICATION OF FUNDS				
1. Fixed Assets				
a) Gross block	VI	35,471.46	46,701.53	
b) Less : Depreciation		<u>13,021.51</u>	<u>15,378.82</u>	
c) Net block			22,449.95	31,322.71
d) Capital work-in-progress			<u>1,572.81</u>	1,320.16
2. Investments				
	VII		6,941.68	8,228.69
3. Current assets, loans and advances				
a) Inventories	VIII	11,730.36	10,291.99	
b) Sundry debtors	IX	8,491.20	13,846.82	
c) Cash & bank balances	X	837.37	971.46	
d) Other current assets	XI	14.26	17.03	
e) Loans & advances	XII	<u>8,268.22</u>	<u>6,128.98</u>	
	(a)	<u>29,341.41</u>	<u>31,256.28</u>	
Less: current liabilities and provisions				
a) Current liabilities	XIII	5,483.50	9,755.56	
b) Provisions	XIV	<u>2,490.19</u>	<u>4,434.88</u>	
	(b)	<u>7,973.69</u>	<u>14,190.44</u>	
Net current assets	(a)-(b)		21,367.72	17,065.84
4. Miscellaneous expenditure (to the extent not written off or adjusted)				
	XV		<u>299.27</u>	-
			52,631.43	57,937.40

VENU SRINIVASAN
Managing Director

GOPAL SRINIVASAN
Director

As per our report annexed
For SUNDARAM & SRINIVASAN
Chartered Accountants

Chennai
August 18, 2008

V N VENKATANATHAN
Executive Vice President-Finance & Secretary

M BALASUBRAMANIAM
Partner

Profit & Loss Account for the year ended 31st March 2008

(Rupees in lakhs)

	Schedule number	Year ended 31.03.2008	Year ended 31.03.2007
Sales (Gross)		49,325.89	95,126.79
Less: Excise duty		6,632.61	13,507.48
Sales (Net)		42,693.28	81,619.31
Other Income	XVI	3,448.42	4,862.14
	a	46,141.70	86,481.45
Materials consumed	XVII	20,120.30	43,097.52
Traded goods consumed	XVIII	1,444.79	179.71
Salaries & wages, stores consumed and other expenses	XIX	17,186.04	25,592.89
	b	38,751.13	68,870.12
Profit before Interest, depreciation and tax	c (a-b)	7,390.57	17,611.33
Interest (net)		1,080.78	1,523.77
Depreciation		2,774.43	3,279.30
	d	3,855.21	4,803.07
Profit before tax	e (c-d)	3,535.36	12,808.26
Provision - for Income tax		900.00	3,200.00
- for Fringe Benefit tax		58.18	96.99
- for Deferred tax		185.16	395.40
	f	1,143.34	3,692.39
Profit for the year (after tax)	g (e-f)	2,392.02	9,115.87
Balance profit brought forward		4,123.91	2,682.69
Profit for the year (after tax)		2,392.02	9,115.87
Tax relating to earlier years		155.68	52.35
Total		6,671.61	11,850.91
First interim dividend paid		384.10	1,327.73
Second interim dividend paid		-	1,517.41
Dividend tax paid		65.28	399.03
Second interim dividend payable		331.93	-
Proposed dividend		-	379.35
Dividend Tax payable		56.41	64.47
Transfer of profit to WABCO-TVS (India) Limited, Chennai on de-merger		3,435.13	-
Transfer to general reserve		1,532.12	4,039.01
Balance surplus carried to Balance Sheet		866.64	4,123.91
Total		6,671.61	11,850.91
Notes on accounts	XX		
Nominal value of each share in rupees		5.00	10.00
Basic earnings per share in rupees on 1,89,67,584 shares		12.61	48.06
Diluted earnings per share in rupees		12.61	48.06

VENU SRINIVASAN
Managing Director

GOPAL SRINIVASAN
Director

As per our report annexed
For SUNDARAM & SRINIVASAN
Chartered Accountants

Chennai
August 18, 2008

V N VENKATANATHAN
Executive Vice President-Finance & Secretary

M BALASUBRAMANIAM
Partner



Schedules

(Rupees in lakhs)

	As at 31.03.2008	As at 31.03.2007
I SHARE CAPITAL		
Authorised		
2,00,00,000 Equity Shares of Rs. 5/- (last year Rs.10/-) each	10.00	20.00
Issued, subscribed and paid-up		
1,89,67,584 Equity Shares of Rs. 5/- (last year Rs.10/-) each fully paid	948.38	1,896.76
Of the above		
i) 94,460 equity shares of Rs.10/- each have been allotted for consideration other than cash against supply of machinery.		
ii) 1,70,09,529 equity shares of Rs.10/- each have been allotted as bonus shares by capitalisation of general reserve to the extent of Rs.15,87,14,740 and capitalisation of share premium of Rs.1,13,80,550		
(During the year the face value of the shares Authorised, Issued, Subscribed and Paid up was reduced from Rs. 10/- each to Rs. 5/- each consequent to the Scheme of de-merger approved by the Hon'ble High Court of Judicature at Madras)		
II RESERVES AND SURPLUS		
Capital reserve		
As per last Balance Sheet	3,402.00	
Less: Reduction on account of cancellation of equity shares consequent to de-merger	5.00	3,397.00
		3,402.00
General reserve		
As per last Balance Sheet	25,000.00	
Less: Transferred to WABCO - TVS (India) Limited, Chennai on de-merger	7,832.12	
	17,167.88	
Add: Transfer from Profit and Loss account	1,532.12	18,700.00
		25,000.00
Surplus		
Balance in Profit & Loss account	866.64	4,123.91
	22,963.64	32,525.91
III SECURED LOANS		
From banks		
i) Secured by hypothecation of raw materials, components, work-in-process, finished goods, book debts, stores, spares and tools	7,765.35	6,360.54
ii) Secured by hypothecation of specified plant and machinery	2,839.73	5,324.57
	10,605.08	11,685.11
IV UNSECURED LOANS		
From banks	16,133.09	9,883.88
From others	-	10.00
	16,133.09	9,893.88

Schedules (continued)

(Rupees in lakhs)

As at 31.03.2008 As at 31.03.2007

V DEFERRED TAXATION (NET)

Deferred tax liabilities			
	Tax on depreciation - timing difference	3,130.94	3,148.80
Less :	Deferred tax assets		
	On employee related schemes	659.96	770.57
	On other timing differences	489.74	442.49
		<u>1,149.70</u>	<u>1,213.06</u>
		<u>1,981.24</u>	<u>1,935.74</u>

VI FIXED ASSETS

Description	Land	Lease hold Land	Buildings	Plant & Machinery, Dies & Jigs	Furniture, Fixtures & Equipments	Vehicles	Others Fixed Assets @	Total as at	
								31.03.2008	31.03.2007
Cost of assets									
As at 01.04.2007	1,642.21	1,042.72	5,473.31	35,328.33	2,394.82	507.95	312.19	46,701.53	40,715.87
Additions	-	-	124.85	5,138.41	83.16	77.65	1.31	5,425.38	6,886.34
Less: sales/transfer	-	29.28	-	443.73	4.03	32.54	-	509.58	900.68
Less: Transfer to WABCO-TV S (India) Limited on de-merger	1,437.39	350.05	2,734.37	10,214.71	1,114.28	106.63	188.44	16,145.87	-
Total	204.82	663.39	2,863.79	29,808.30	1,359.67	446.43	125.06	35,471.46	46,701.53
Depreciation									
Upto 31.03.2007	-	-	936.05	12,720.23	1,256.04	213.53	252.97	15,378.82	12,202.38
For the year	-	-	79.52	2,546.56	77.90	56.05	14.40	2,774.43	3,279.30
Deductions on sales/transfer	-	-	-	207.57	0.19	25.40	-	233.16	102.86
Less: Transfer to WABCO-TV S (India) Limited on de-merger	-	-	224.28	3,948.23	522.82	51.91	151.34	4,898.58	-
Total	-	-	791.29	11,110.99	810.93	192.27	116.03	13,021.51	15,378.82
Written down value									
As at 31.03.2008	204.82	663.39	2,072.50	18,697.31	548.74	254.16	9.03	22,449.95	-
As at 31.03.2007	1,642.21	1,042.72	4,537.26	22,608.10	1,138.78	294.42	59.22	-	31,322.71

CAPITAL WORK-IN-PROGRESS (at cost)

Buildings								-	405.06
Machinery in transit / installation								1,572.81	915.10
								<u>1,572.81</u>	<u>1,320.16</u>

@ vide note no XX 2(z) regarding Intangible Assets under Accounting standard 26



Schedules (continued)

		(Rupees in lakhs)		
		Face Value	As at 31.03.2008	As at 31.03.2007
VII INVESTMENTS (AT COST)				
1. Trade-Quoted (fully paid up) - Long term				
i) Subsidiaries				
a)	TVS Motor Company Limited, Chennai - 2,10,00,000 equity shares of Re.1/- each	210.00	210.00	210.00
ii) Others				
a)	ICICI Bank Limited Mumbai - 34,346 equity shares of Rs.10/- each	3.43	6.87	6.87
b)	Housing Development Finance Corporation Limited, Mumbai - 69,740 equity shares of Rs.10/- each	6.97	9.31	9.31
c)	HDFC Bank Limited, Mumbai - 500 equity shares of Rs.10/- each	0.05	0.05	0.05
2. Trade-unquoted (fully paid up) - Long term				
Subsidiaries				
a)	Anusha Investments Limited, Chennai - 5,00,000 equity shares of Rs.100/- each	500.00	500.00	500.00
b)	TVS Investments Limited, Chennai - 2,71,88,318 equity shares of Rs. 10/- each	2,718.83	4,459.37	4,459.37
c)	WABCO-TVS (India) Limited, Chennai - 1,00,000 equity shares of Rs. 5/- each	5.00	-	5.00
(During the year, the shares held by the company in WABCO-TVS (India) Limited, Chennai was extinguished consequent to the Scheme of de-merger sanctioned by the Hon'ble High Court of Judicature at Madras)				
3. Non-trade-quoted (fully paid up) - Long term				
a)	1,58,287 (last year 7,27,664) Tax free bonds (6.75%) in Unit Trust of India, Mumbai	158.29	166.70	766.23
4. Non-trade-unquoted (partly paid up) - Long term				
a)	Adyar Property Holding Company Limited, Chennai 105 equity shares of Rs.100/- each (Rs.65/- per share paid-up)	0.11	0.07	0.07
5. Non-trade-unquoted (fully paid up) - Long term				
a)	Kalinavihar Dharshan Co-operative Housing Society Limited, Mumbai 10 equity shares of Rs.50/- each - Rs.500/-	-	-	-
b)	Siddharthnagar Co-operative Housing Society Limited, Aundh, Pune 5 equity shares of Rs.50/- each - Rs.250/-	-	-	-
c)	Arkay Energy (Rameswaram) Limited, Hyderabad 10,50,000 equity shares of Rs.10/- each	105.00	105.00	105.00
d)	ICICI Prudential Life Insurance Group Superannuation Fund	-	581.52	-
Carried forward			<u>6,038.89</u>	<u>6,061.90</u>

Schedules (continued)

		(Rupees in lakhs)	
		As at 31.03.2008	As at 31.03.2007
Brought forward		6,038.89	6,061.90
VII INVESTMENTS (AT COST) (CONTINUED)			
6. Non-trade-quoted (fully paid up) - Short term			
a)	Prudential ICICI Asset Management Limited, Mumbai - 10,00,000 units of Prudential ICICI Fusion Fund - Growth option	-	100.00
b)	Prudential ICICI Asset Management Limited, Mumbai (last year 98,738.997) units of Prudential Dynamic Plan - Growth option	-	34.50
c)	Prudential ICICI Asset Management Limited, Mumbai (last year 26,96,174.674) units of Prudential Dynamic Plan - Dividend option	-	588.00
d)	SBI Mutual Fund of State Bank of India, Mumbai (last year 15,09,395.81) units of SBI Magnum Sector Funds Umbrella Contra - Dividend option	-	389.29
e)	SBI Mutual Fund of State Bank of India, Mumbai (last year 4,60,000) units of SBI One India Fund - Dividend option	-	46.00
f)	SBI Mutual Fund of State Bank of India, Mumbai - 1,46,044.867 (last year NIL) units of SBI Magnum Equity Fund - Growth option	54.70	-
g)	Sundaram BNP Paribas Asset Management Company Limited, Chennai - 4,79,753.40 (last year 4,79,753.40) units of Sundaram BNP Paribas Equity Multiplier Fund - Growth option	47.98	47.98
h)	Sundaram BNP Paribas Asset Management Company Limited, Chennai - 10,00,000 (last year NIL) units of Sundaram BNP Paribas Energy Opportunities Fund - Growth option	100.00	-
i)	Deustche Asset Management India Private Limited, Mumbai (last year 15,00,000) units of Deustche Fixed Term Series 9 - Growth plan	-	150.00
j)	Deustche Asset Management India Private Limited, Mumbai (last year 13,74,042.246) units of DWS Alpha Equity Fund - Dividend option	-	201.71
k)	Deustche Asset Management India Private Limited, Mumbai - 5,00,000 (last year NIL) units of Deustche FTP 370 days Series 29 - Growth option	50.00	-
l)	TATA Asset Management Limited, Mumbai - 30,00,000 (last year NIL) units of Tata Indo Global Infrastructure Fund - Growth option	300.00	-
m)	Reliance Capital Asset Management Company Limited, Mumbai - 2,93,398.533 (last year NIL) units of Reliance Equity Advantage Fund - Growth option	30.00	-
n)	J M Financial Asset Management Private Limited, Mumbai - 3,17,282.814 (last year NIL) units of J M Basic Fund - Growth option	108.32	-
o)	UTI Asset Management Company Limited, Mumbai (last year 10,12,357.716) units of UTI Spread Fund - Dividend option	-	101.24
p)	UTI Asset Management Company Limited, Mumbai - (last year 50,80,729.96) units of UTI Fixed Maturity Plan Quarterly Series - Dividend option	-	508.07
q)	DBS Cholamandalam Asset Management Limited, Mumbai - 4,22,221.254 (last year NIL) units of Chola Opportunities Fund - Cumulative plan	210.00	-
r)	DBS Cholamandalam Asset Management Limited, Mumbai - 14,156.367 (last year NIL) units of Chola Freedom Income - STP - Institutional - Cumulative plan	1.79	-
		6,941.68	8,228.69
SUMMARY			
	Quoted investments	1,295.72	3,159.25
	Unquoted investments	5,645.96	5,069.44
		6,941.68	8,228.69
	Short term	902.79	2,166.79
	Long term	6,038.89	6,061.90
		6,941.68	8,228.69
	Market value of quoted investments	10,178.62	17,210.46



Schedules (continued)

	As at 31.03.2008	(Rupees in lakhs) As at 31.03.2007
VIII INVENTORIES		
Raw materials and components*	2,104.33	2,969.60
Work-in-process*	869.88	974.12
Finished goods*	5,436.13	4,030.95
Traded goods*	194.89	26.43
Stores*	1,747.65	1,260.99
Goods in transit	1,377.48	1,029.90
	<u>11,730.36</u>	<u>10,291.99</u>
* At lower of weighted average cost or net realisable value as prescribed in Accounting Standard 2 issued by The Institute of Chartered Accountants of India.		
IX SUNDRY DEBTORS-UNSECURED, CONSIDERED GOOD		
a) Debts outstanding for a period exceeding six months		
- Considered good	222.69	409.78
- Considered doubtful	17.26	149.75
Total	<u>239.95</u>	<u>559.53</u>
b) Other debts	8,268.51	13,437.04
	<u>8,508.46</u>	<u>13,996.57</u>
Less: Provision for bad and doubtful debts	17.26	149.75
	<u>8,491.20</u>	<u>13,846.82</u>
X CASH AND BANK BALANCES		
a) Cash, cheques and stamps on hand	8.68	150.32
b) With scheduled banks		
i) Current accounts	336.53	816.84
ii) Cash credit accounts	4.65	-
iii) Term deposit account	487.51	4.30
	<u>837.37</u>	<u>971.46</u>
XI OTHER CURRENT ASSETS		
Interest accrued on investments and deposits	14.26	17.03
	<u>14.26</u>	<u>17.03</u>
XII LOANS AND ADVANCES-UNSECURED, CONSIDERED GOOD		
a) Advances recoverable in cash or in kind or for value to be received	7,849.31	5,614.44
b) Deposits	418.91	514.54
	<u>8,268.22</u>	<u>6,128.98</u>
XIII CURRENT LIABILITIES		
Sundry creditors	5,483.50	9,755.56
	<u>5,483.50</u>	<u>9,755.56</u>
XIV PROVISIONS		
a) Taxation less advance payments	310.85	571.76
b) Fringe benefit tax less advance payments	4.98	-
c) Dividend proposed	-	379.35
d) Interim dividend payable	331.93	-
e) Dividend tax	56.41	64.47
f) Pension	1,247.54	2,141.09
g) Leave salary	136.66	237.35
h) Warranty	200.00	830.00
i) Sales tax	201.82	210.00
j) Others	-	0.86
	<u>2,490.19</u>	<u>4,434.88</u>

Schedules (continued)

	Year ended 31.03.2008	Year ended 31.03.2007
(Rupees in lakhs)		
XV MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
Expenditure pending allocation - consultancy fees	294.41	-
- travelling and conveyance	4.86	-
	<u>299.27</u>	<u>-</u>
XVI OTHER INCOME		
a) Sale of scrap and empties	701.77	1,056.57
b) Lease rent	23.68	23.68
c) Management services	1,628.00	1,028.00
d) Profit on sale of assets	3.14	248.27
e) Dividend - subsidiary	131.50	1,373.00
f) Dividend - others	83.84	199.96
g) Profit on sale of investments	415.76	258.36
h) Software development	-	432.43
i) Miscellaneous income	460.73	241.87
	<u>3,448.42</u>	<u>4,862.14</u>
XVII MATERIALS CONSUMED		
Opening stock :		
Raw materials	2,969.60	1,878.17
Work-in-process	974.12	730.95
Finished goods	4,030.95	2,801.10
	<u>7,974.67</u>	<u>5,410.22</u>
Less Transferred to WABCO-TVS (India) Limited, Chennai on de-merger		
Raw materials	1,261.81	
Work-in-process	79.85	
Finished goods	190.81	
	<u>1,532.47</u>	<u>-</u>
Opening stock (after de-merger)	6,442.20	5,410.22
Add : Purchases	22,088.44	45,661.97
Total (a)	<u>28,530.64</u>	<u>51,072.19</u>
Less : Closing stock :		
Raw materials	2,104.33	2,969.60
Work-in-process	869.88	974.12
Finished goods	5,436.13	4,030.95
Total (b)	<u>8,410.34</u>	<u>7,974.67</u>
Net	(a)-(b) <u>20,120.30</u>	<u>43,097.52</u>
XVIII TRADED GOODS CONSUMED		
Opening stock	26.43	-
Add : Purchases	1,613.25	206.14
	<u>1,639.68</u>	<u>206.14</u>
Less : Closing stock	194.89	26.43
	<u>1,444.79</u>	<u>179.71</u>



Schedules (continued)

	Year ended 31.03.2008	(Rupees in lakhs) Year ended 31.03.2007
XIX SALARIES & WAGES, STORES CONSUMED AND OTHER EXPENSES		
Salaries, wages and bonus (includes to managing directors Rs 94.94 lakhs - last year Rs 236.12 lakhs)	4,296.12	6,799.62
Stores and tools consumed (includes Rs 57.70 lakhs wages - last year Rs. 229.12 lakhs)	3,807.95	4,205.40
Contribution to provident and other funds (includes to managing directors Rs. 11.22 lakhs - last year Rs. 11.22 lakhs)	88.53	699.68
Power and fuel	2,147.40	2,628.81
Workmen and staff welfare expenses (includes to managing directors - Rs. 4.72 lakhs - last year Rs 3.82 lakhs)	723.99	1,241.77
Rent (Includes on behalf of managing directors - Rs. 5.40 lakhs - last year Rs. 5.40 lakhs)	107.73	164.12
Rates and taxes	44.72	586.28
Repairs and maintenance		
a) Building	510.94	811.06
b) Machinery	1,216.98	1,250.36
c) Other assets	40.59	60.91
Insurance	88.00	141.26
Commission	17.28	45.22
Audit fees	18.79	19.82
Directors' sitting fees	5.40	4.05
Cash discount	2.33	27.39
Travel and conveyance	369.98	689.59
Packing and forwarding	1,487.43	2,982.05
Data processing	132.85	175.39
Research and development	2.11	554.26
Other expenses (includes to managing directors -Rs. 0.24 lakhs - last year Rs. 0.29 lakhs)	2,035.19	2,493.68
Loss on sale of assets	41.73	12.17
	<u>17,186.04</u>	<u>25,592.89</u>

Schedules (continued)

XX NOTES ON ACCOUNTS

(Rupees in lakhs)

	As at/ Year ended 31.03.2008	As at/ Year ended 31.03.2007
1. Pursuant to the scheme of de-merger sanctioned by the Hon'ble High Court of Madras, the brakes business of the company was de-merged into wholly owned subsidiary viz. M/s WABCO-TVS (India) Limited, Chennai with effect from 28th March 2008. As per the scheme the appointed date of transfer of assets and liabilities was 1st January 2007. Accordingly the assets, liabilities, income and expenditure of the brakes business of the company were transferred to and vested with M/s. WABCO-TVS (India)Limited, Chennai with effect from that date.		
The face value of the shares of the company was reduced from Rs 10/- to Rs 5/- each and the authorised, issued, subscribed and paid-up share capital were reduced accordingly. A sum of Rs 11,995.08 lakhs being the excess of assets over liabilities of the de-merged undertaking was transferred to the de-merged company viz. WABCO-TVS (India) Limited, Chennai and the same is reflected in the accounts as under:		
Reduction in the share capital by virtue of reduction of face value	948.38	
Reduction in general reserves	7,832.12	
Transfer of Profit upto the appointed date viz. 1st January 2007	<u>3,214.58</u>	
	11,995.08	
Transfer of Profit for the three months ended 31st March 2007 (net of dividend and tax liability)	220.55	
Figures for the current year are not strictly comparable with that of the last year in view of the de-merger of the brakes division of the company.		
The figures in the annual report for the year ended 31st March 2007 were furnished in crores of rupees while in the annual report for the year ended 31st March 2008 the figures are furnished in lakhs of rupees as per the requirements of part I of Schedule VI of the Companies Act, 1956.		
2. Accounting Standards		
a) AS - 1 Disclosure of Accounting policies		
The accounts are maintained on accrual basis as a going concern.		
b) AS - 2 Valuation of Inventories		
Inventories are valued in accordance with the method of valuation prescribed by The Institute of Chartered Accountants of India at lower of weighted average cost or net realisable value.		
c) AS - 3 Cash Flow Statement		
Cash flow statement is prepared under "Indirect Method" and the same is annexed.		
d) AS - 4 Contingencies and events occurring after balance sheet date		
Disclosure of contingencies as required by the accounting standards is furnished in note no. 8		



Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

(Rupees in lakhs)

	As at/ Year ended 31.03.2008	As at/ Year ended 31.03.2007
e) AS - 5 Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies		
Prior period debits included in profit and loss account :		
Raw Materials & Components Consumed	0.63	–
Salaries & wages	0.16	11.02
Contribution to provident and other funds	–	1.98
Sales returns	–	18.15
Other expenses	26.66	0.75
f) AS - 6 Depreciation Accounting		
Depreciation has been provided under the straight line method at the rates prescribed under schedule XIV of the Companies Act, 1956 with applicable shift allowances. In respect of the assets added / sold during the year, pro-rata depreciation has been provided.		
Depreciation in respect of computers and vehicles has been provided @30% and 18% respectively which is higher than the rate prescribed in schedule XIV of the Companies Act, 1956.		
Depreciation in respect of assets acquired during the year whose actual cost does not exceed Rs. 5,000/- has been provided at 100%.		
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 (last year sale of air brake equipment, parts and accessories thereof, gravity and pressure die castings, traded goods, net of trade discount, software services) and includes realised exchange fluctuation on exports.		
Interest income is recognised on a time proportion basis taking into account the amount outstanding and rate applicable.		
Dividend from investment 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 the effects in Foreign exchange rates		
Foreign Currency transactions		
Income and expenses in foreign currencies are converted at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets, liabilities		

Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

	As at/ Year ended 31.03.2008	(Rupees in lakhs) As at/ Year ended 31.03.2007
and external commercial borrowings are translated at the exchange rate prevailing on the balance sheet date. Exchange differences arising out of such translation are recognised in the Profit and Loss Account.		
Net exchange differences credited (last year debited) to Profit and Loss Account	52.92	12.35
Net exchange differences credited to carrying amount of fixed assets	-	65.00

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.

In respect of external commercial borrowings of USD 12 million the company has entered into two (last year one) composite contracts fixing the repayment liability of the company in Indian Rupees and covering the Interest Rate Structure (IRS). The premium paid in respect of these contracts is debited to Interest expenses account.

b) Foreign currency exposures

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Sl. No	Description	Value in foreign currency (in Millions)		Value in Indian rupees (Rs. in lakhs)
1	Import of goods and services	USD	18.47	7,412.51
		Euro	0.07	46.75
		JPY	53.36	214.45
		SEK	0.51	34.11
		CHF	0.02	9.35
		AUD	0.03	9.15
	Total			7,726.32
2	Capital goods	USD	0.07	28.13
		EURO	0.90	570.32
		JPY	19.15	76.95
		CHF	0.13	53.31
	Total			728.01

I) AS - 12 Accounting for Government grants

The Company has not received any grants from the Government.



Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

	As at/ Year ended 31.03.2008	(Rupees in lakhs) As at/ Year ended 31.03.2007
m) AS - 13 Accounting for Investments		
Investments are valued at cost. Provision for diminution in the carrying cost of long term investments is made if such diminutions is other than temporary in nature in the opinion of the management.		
(i) Investments made during the year		
1 ICICI Prudential Asset Management Company Limited, New Delhi	1,049.48	2,677.40
2 ABN Amro Asset Management (India) Limited, Mumbai	242.26	1,186.89
3 HSBC Asset Management (India) Private Limited, Mumbai	50.00	125.00
4 LIC Mutual Fund Asset Management Company Limited, Mumbai	-	300.00
5 SBI Mutual Fund of State Bank of India, Mumbai	2,568.12	1,046.00
6 UTI Asset Management Company Limited, Mumbai	773.00	1,808.24
7 Sundaram BNP Paribas Asset Management Company Limited, Chennai	150.02	2,951.60
8 DSP Merrill Lynch Fund Managers Limited, Mumbai	-	723.93
9 Reliance Capital Asset Management Limited, Mumbai	30.00	-
10 Standard Chartered Asset Management Company Limited, Mumbai	-	400.51
11 HDFC Asset Management Company Limited, Mumbai	850.00	2,090.00
12 ING Vysya Asset Management Company Limited, Mumbai	-	958.26
13 Deutsche Asset Management India Private Limited, Mumbai	100.00	1,003.39
14 Franklin Templeton Asset Management (India) Private Limited, Mumbai	-	1,744.22
15 Tata Asset Management Limited, Mumbai	440.00	1,380.00
16 Kotak Mahindra Asset Management Company Limited, Mumbai	-	400.00
17 Birla Sunlife Asset Management Company Limited, Mumbai	850.00	100.00
18 Principal Asset Management Company Private Limited, Mumbai	210.09	300.00
19 J M Financial Asset Management Private Limited, Mumbai	316.15	-
20 Fidelity Fund Management Private Limited, Mumbai	324.75	-
21 DBS Cholamandalam Asset Management Limited, Mumbai	420.00	-
22 ICICI Prudential Life Insurance Group Superannuation Fund	581.52	-
23 TVS Investments Limited, Chennai	-	925.00
Total	8,955.39	20,120.44
(ii) Investments redeemed during the year		
1 ICICI Prudential Asset Management Company Limited, New Delhi	1,771.98	2,111.15
2 ABN Amro Asset Management (India) Limited, Mumbai	242.26	1,186.89
3 HSBC Asset Management (India) Private Limited, Mumbai	50.00	125.00
4 LIC Mutual Fund Asset Management Company Limited, Mumbai	-	300.00
5 SBI Mutual Fund of State Bank of India, Mumbai	2,948.71	1,110.71
6 UTI Asset Management Company Limited, Mumbai	1,382.31	1,398.93
7 Sundaram BNP Paribas Asset Management Company Limited, Chennai	50.02	3,141.47
8 DSP Merrill Lynch Fund Managers Limited, Mumbai	-	923.92
9 Standard Chartered Asset Management Company Limited, Mumbai	-	400.51
10 HDFC Asset Management Company Limited, Mumbai	850.00	2,090.00
11 ING Vysya Asset Management Company Limited, Mumbai	-	1,172.85

Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

	As at/ Year ended 31.03.2008	(Rupees in lakhs) As at/ Year ended 31.03.2007
12 Deutsche Asset Management India Private Limited, Mumbai	401.71	801.68
13 Franklin Templeton Asset Management (India) Private Limited, Mumbai	-	1,744.22
14 Tata Asset Management Limited, Mumbai	140.00	1,380.00
15 Kotak Mahindra Asset Management Company Limited, Mumbai	-	400.00
16 Birla Sunlife Asset Management Company Limited, Mumbai	850.00	100.00
17 Principal Asset Management Company Private Limited, Mumbai	210.09	300.00
18 Reliance Capital Asset Management Limited, Ahmedabad	-	300.00
19 J M Financial Asset Management Private Limited, Mumbai	207.83	-
20 Fidelity Fund Management Private Limited, Mumbai	324.75	-
21 DBS Cholamandalam Asset Management Limited, Mumbai	208.21	-
22 WABCO-TVS (India) Limited, Chennai - cancelled on de-merger	5.00	-
23 6.75% Tax free bonds in Unit Trust of India, Mumbai (transferred on de-merger)	599.53	-
24 Harita Stocks Limited, Chennai	-	7.50
Total	<u>10,242.40</u>	<u>18,994.83</u>

The amounts of Rs 8,955.39 lakhs (last year Rs 20,120.44 lakhs) and Rs 10,242.40 lakhs (last year Rs 18,994.83 lakhs) are cumulative figures.

Cost of investments held as at Balance Sheet date

6,941.68 **8,228.69**

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

- a) Contribution to provident fund is in the nature of defined contribution plan and are made to a recognised trust.
- b) Contribution to superannuation fund is in the nature of defined contribution plan and is remitted to Life Insurance Corporation of India in accordance with the scheme framed by the Corporation.

B Defined benefit plans

- a) The company extends defined benefit plans in the form of leave salary to employees. In addition, the company also extends pension to senior managers of the company. Provision for leave salary and pension is made on actuarial valuation basis.
- b) The company also extends defined benefit plan in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of India in accordance with the scheme framed by the Corporation.

C Disclosure as required by Accounting Standard 15

	Leave salary	Pension	(Rupees in lakhs) Gratuity
a) Expenses recognised in the Profit & Loss Account			
i) Current service cost	36.09	-	134.66
ii) Interest cost	11.55	114.31	52.50
iii) Expected return on plan assets	-	-	(66.97)
iv) Net actuarial loss / (gain) recognised in the year	(27.51)	235.89	72.79
Total	<u>20.13</u>	<u>350.20</u>	<u>192.98</u>



Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

(Rupees in lakhs)

	Leave salary	Pension	Gratuity
b) Change in defined benefit obligation during the year ended 31st March 2008			
i) Present value of obligation as at beginning of the year (01.04.2007)	171.26	1,495.55	1,104.34
ii) Interest cost	11.55	114.31	52.50
iii) Current service cost	36.09	–	134.66
iv) Benefits paid	(54.73)	(598.21)	(808.67)
v) Actuarial loss on obligation	(27.51)	235.89	120.29
vi) Present value of obligation as at the end of the year (31.03.2008)	136.66	1,247.54	603.12
c) Change in fair value of plan assets during the year 31st March 2008			
i) Fair value of plan assets at the beginning of the year (01.04.2007)	–	–	1,297.32
ii) Expected return on plan assets	–	–	66.97
iii) Contributions made during the year	–	–	–
iv) Benefits paid	–	–	(808.67)
v) Actuarial gain on plan assets	–	–	47.50
vi) Fair value of plan assets as at the end of the year 31st March 2008	–	–	603.12
d) Balance Sheet movements			
i) Value of benefit obligations / (net assets) at the beginning of the year (01.04.2007)	171.26	1,495.55	192.98
ii) Contributions made during the year	–	–	–
iii) Expenses	20.13	350.20	192.98
iv) Benefits paid	(54.73)	(598.21)	–
v) Value of benefit	136.66	1,247.54	–
Note: The net asset in respect of gratuity plan is not recognised as it is lying in irrevocable trust fund approved by Income tax authorities.			
e) Actuarial assumptions			
i) Discount rate used	8.00%	9.50%	8.00%
ii) Expected return on plan assets	NA	NA	8.00%

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

p) **AS - 16 Borrowing Cost**

The borrowing cost has been treated in accordance with Accounting Standard on borrowing cost (AS 16) issued by The Institute of Chartered Accountants of India. During the year, a sum of Rs. 61.15 lakhs (last year Rs. 28.61 lakhs) being interest on borrowings attributable to qualifying assets have been capitalised under the head Plant & Machinery.

q) **AS - 17 Segment Reporting**

The Company operates in only one segment viz., Automotive components and there are no separate reportable segments. As income from traded goods is less than 10% of total income, it is not recognised as a separate segment.

Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

	As at/ Year ended 31.03.2008	(Rupees in lakhs) As at/ Year ended 31.03.2007
r) AS - 18 Related Party Disclosure		
Disclosures are made as per the requirements of the standard and clarifications issued by The Institute of Chartered Accountants of India.		
s) AS - 19 Accounting of leases		
Since all the lease agreements were entered before 1st April 2001 this standard is not applicable.		
t) AS - 20 Earnings Per Share (EPS)		
Disclosure is made in the Profit and Loss Account as per the requirements of the standard.		
u) AS - 21 Consolidated Financial Statements		
Consolidated financial statements of the company and its subsidiaries are enclosed.		
v) AS - 22 Accounting for Taxes on Income		
Current tax is determined as the amount of tax payable in respect of taxable income for the period.		
Deferred tax liability and asset are recognised, subject to the consideration of prudence, on timing differences using the tax rates substantively enacted on the Balance Sheet date.		
w) AS - 23 Accounting for Investments in Associates in Consolidated Financial Statements		
Sundram Non-Conventional Energy Systems Limited, Chennai and TVS-E Technologies Limited, Chennai (last year known as Harita TVS Technologies Limited, Chennai) are associates of Anusha Investments Limited, Chennai and TVS Investments Limited, Chennai respectively.		
Anusha Investments Limited, Chennai and TVS Investments Limited, Chennai are wholly owned subsidiaries of Sundaram-Clayton Limited.		
Hence these companies are also associates of Sundaram-Clayton Limited and, therefore, their financial statements are considered in the preparation of consolidated financial statements of the company.		
x) AS - 24 Discontinuing Operations		
The Company has not discontinued any operations during the year.		
y) AS - 25 Interim Financial Reporting		
The company has elected to publish quarterly financial results which were subject to limited review by the statutory auditors.		
z) AS - 26 Intangible Assets		
During the year, the company acquired the following assets falling under the definition of intangible assets as per the accounting standard and the following disclosures are made in respect of those assets :		



Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

	As at/ Year ended 31.03.2008	(Rupees in lakhs) As at/ Year ended 31.03.2007
Licences & Software :		
- Useful life of the assets	2 years	2 years
- Amortisation rate used	50% each year as depreciation	50% each year as depreciation
- Gross carrying amounts at the beginning and at the end of the period together with additions and deletions during the year		
Opening balance	312.19	220.31
Additions during the year	1.31	91.88
Less: Transfer on de-merger	188.44	-
Total	125.06	312.19
	(A)	
Amortisation		
Opening balance	252.97	172.68
During the year	14.40	80.29
Less: Transfer on de-merger	151.34	-
Total amortisation	116.03	252.97
	(B)	
Closing balance	9.03	59.22
	(A – B)	
aa) AS - 27 Financial Reporting of Interests in Joint Ventures		
The Company has no interests in joint venture.		
ab) AS - 28 Impairment of Assets		
The carrying amount of the assets net of accumulated depreciation as on the balance sheet date is not less than the recoverable amount of those assets. However, during last year in respect of certain Plant and Machinery of brakes division the carrying amount net of accumulated depreciation was less than the recoverable amount by Rs. 7.35 lakhs and the impairment loss has been provided under depreciation.		
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 15.		

Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

	As at/ Year ended 31.03.2008	(Rupees in lakhs) As at/ Year ended 31.03.2007
3. Amount of loan repayable within one year:		
Secured - from banks	7,765.35	8,648.52
Unsecured - from banks	14,162.59	9,883.88
from others	-	10.00
4. Dues from subsidiaries		
Debtors include due from subsidiaries		
- Debts outstanding for a period exceeding six months	7.93	4.35
- Other debts	2,203.73	1,734.68
5. Dues from subsidiaries		
Loans and advances include dues from subsidiaries		
Sundaram Auto Components Limited, Chennai	30.34	24.12
Auto (India) Engineering Limited, Chennai	133.00	-
Anusha Investments Limited, Chennai	1,000.00	-
6. Sundry creditors include:		
a) Investor Education and Protection fund		
- Unpaid dividend	45.93	336.00
b) Due to directors	55.94	197.12
c) Amount due to Micro & Small Scale Industrial Units	342.82	75.42
d) Amount due to other industrial units	1,569.96	1,602.00
Information required under Micro, Small and Medium Enterprises Development Act, 2006:		
The Company has written to all its suppliers to ascertain if they are covered by the said Act. Based on the extent of information received from the suppliers, the amount due to such parties at the year end has been furnished above. The suppliers credit terms are generally 45 days within which all payments are made. Hence the question of payment of interest or provision therefor towards belated payment does not arise.		
7. Bank balance includes amount in respect of		
- Unclaimed dividends	45.93	336.00
- Balances lying with non-scheduled banks		
HSBC Bank Plc, London, UK - in current account	2.84	-
- in term deposit account	485.57	-
Bank of America, Chicago, USA - in current account	8.13	15.12
- Maximum balance lying with non-scheduled banks at any time during the year		
HSBC Bank Plc, London, UK	827.61	-
Bank of America, Chicago, USA	24.01	15.12



Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

	As at/ Year ended 31.03.2008	(Rupees in lakhs) As at/ Year ended 31.03.2007
8. Loans and Advances include:		
- Amount lying with central excise	5.41	2.79
- Amount due from an officer of the company	16.66	-
- Maximum amount due from an officer of the company at any time during the year	16.69	-
9. Contingent Liability not provided for:		
a) On counter guarantee given to bankers	-	29.86
b) On letters of credit opened with bankers	3,884.32	947.25
c) On partly paid shares	0.04	0.04
d) Capital commitments not provided	3,059.26	2,161.00
e) On guarantee furnished on behalf of employees	0.90	2.00
f) On account of future export obligations (under Export Promotion Capital Goods scheme and Advance Licence)	8,786.16	8,030.12
10. Tax deducted at source on		
a) Interest receipts	48.47	7.15
b) Contract income	72.01	107.00
c) Service charges	125.96	65.14
d) Miscellaneous income	14.15	8.02
11. Audit fees consists of		
a) Audit fees	15.00	12.00
b) Certification fees	2.00	2.00
c) Taxation matters	1.00	1.00
d) Other services	-	3.00
e) Reimbursement of expenses	0.79	1.82
12. Contribution to provident and other funds include :		
a) Contribution towards gratuity as per scheme framed by Life Insurance Corporation of India	3.74	211.15
b) Contribution towards super annuation as per scheme framed by Life Insurance Corporation of India	22.50	43.03
c) Contribution to pension fund	(195.86)	(96.00)
d) Contribution towards deposit linked insurance as per scheme framed by Life Insurance Corporation of India	4.68	4.06
13. Repairs include		
Stores consumed	153.32	240.15
14. Interest paid comprises of:		
a) Interest on fixed loans	323.60	360.40
b) Interest on other loans	992.68	1,297.04
c) Less: Interest receipts on Bonds, deposits, staff advances and Other advance made (gross)	235.50	133.67
Interest (net of income)	1,080.78	1,523.77

Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

	As at/ Year ended 31.03.2008	(Rupees in lakhs) As at/ Year ended 31.03.2007
15. Liability contested and not provided for		
a) Excise duty	5.60	–
b) Income tax	14.61	17.00
c) Service tax	48.81	–
d) Others	60.94	60.94
16. Loss on sale of investments netted against profit on sale of investments	–	54.00
17. Research and development		
a) Revenue Expenditure - This consists of		
Salaries & wages	298.31	547.12
Product development	–	425.52
Tools & Accessories	–	42.01
Consultancy	44.74	79.05
Product Library	2.11	5.09
Continuous Improvement	–	0.71
Patent Charges	–	1.05
Field tests and trials/tensile and compression testing charges	–	21.08
Software/data processing	12.00	21.19
Foreign and inland travel	12.20	34.09
Die trial activity cost	99.45	111.09
Total	<u>468.81</u>	<u>1,288.00</u>
b) Capital expenditure		
Buildings	–	4.03
Plant & Machinery (included in total cost of additions of Rs 5,138.41 lakhs under Plant and Machinery, Dies & Jigs)	29.64	287.18
Computers (included in total cost of additions of Rs 83.16 lakhs under Furniture, Fixtures & Equipments)	3.64	10.21
Software & Licences	–	20.10
Plant and machinery (included under capital work-in-progress of Rs. 1,572.81 lakhs)	76.59	–
Total	<u>109.87</u>	<u>321.52</u>
18. Last year's figures have been regrouped wherever necessary to conform to this year's classification.		
19. Computation of net profit as per section 309(5) of the Companies Act, 1956 read with section 198 and section 349 of the Companies Act, 1956		
Profit before tax as per profit and loss account	3,535.36	12,808.26
Add: Remuneration to managing directors	116.52	256.85
Book depreciation	2,774.43	3,279.30
	<u>2,890.95</u>	<u>3,536.15</u>
	<u>6,426.31</u>	<u>16,344.41</u>
Less: Depreciation as per section 350	2,696.99	3,195.72
	<u>3,729.32</u>	<u>13,148.69</u>
Commission payable to:		
Joint managing director at 2% of the net profit	74.59	262.97
Restricted to 1.5% as determined by the board	55.94	197.12



Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

20. Disclosure made in terms of clause 32 and clause 41 of the Listing Agreement with Stock Exchange (Rupees in lakhs)

Particulars	Name of the company	Amount outstanding as on 31.03.2008	Maximum amount due at any one time during the year	Amount outstanding as on 31.03.2007
a) Loans and advances				
(i) Loans and advances in the nature of loans made to subsidiary company	Anusha Investments Limited, Chennai	1,000.00	3,305.00	-
	Auto (India) Engineering Limited, Chennai	133.00	133.00	-
	Sundaram Auto Components Limited, Chennai	30.34	600.34	-
	TVS Finance and Services Limited, Chennai	-	1,000.00	-
	TVS Investments Limited, Chennai	-	2,500.00	-
(ii) Loans and advances in the nature of loans made to associate company	NIL	-	-	-
(iii) Loans and advances in the nature of loans where there is				
1) no repayment schedule or repayment beyond seven years (or)	NIL	-	-	-
2) no interest or interest below section 372 A of the Companies Act	NIL	-	-	-
(iv) Loans and advances in the nature of loans made to firms/companies in which directors of the company are interested	TVS Finance and Services Limited, Chennai	-	1,000.00	-
b) Investments by the company				
(i) In subsidiary companies	Anusha Investments Limited, Chennai (5,00,000 Equity shares of Rs.100/- each fully paid up)	500.00	500.00	500.00
	TVS Investments Limited, Chennai (2,71,88,318 equity shares of Rs 10/- each fully paid up)	4,459.37	4,459.37	4,459.37
	TVS Motor Company Limited, Chennai (2,10,00,000 equity shares of Re.1/- each fully paid up)	210.00	210.00	210.00
	WABCO-TVS (India) Limited, Chennai (1,00,000 Equity shares of Rs 5/- each fully paid up)	-	5.00	5.00
(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)

XX NOTES ON ACCOUNTS (continued)

21 Related party disclosure

LIST OF RELATED PARTIES

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



Sundaram-Clayton Limited

Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

22. Related Party Transactions

(Rupees in lakhs)

Sl.No.	Nature of Transactions	Name of the Company	Subsidiaries	Associates	Key management personnel	Relative of key management personnel	Total
1	Purchase of goods	TVS Motor Company Ltd., Chennai	982.87	-	-	-	982.87
		Sundaram Auto Components Ltd., Chennai	-	-	-	-	-
		Sundaram Industries Ltd., Madurai	-	-	-	-	-
			982.87 (1,979.93)	-	-	-	982.87 (3,000.33)
2	Sale of goods (including sub contract charges received)	TVS Motor Company Ltd., Chennai	8,247.21	-	-	-	8,247.21
		T V Sundram Iyengar & Sons Ltd., Madurai	-	-	-	-	-
		TVS Electronics Ltd., Chennai	1,510.74	-	-	-	1,510.74
			9,757.95 (9,805.12)	-	-	-	9,757.95 (10,669.89)
3	Sale of fixed assets	TVS Investments Limited, Chennai	(925.00)	-	-	-	(925.00)
4	Purchase of fixed assets	TVS Motor Company Ltd., Chennai	3.58	-	-	-	3.58
5	Rendering of services	TVS Motor Company Ltd., Chennai	816.57	-	-	-	816.57
		TVS Finance & Services Ltd., Chennai	5.92	-	-	-	5.92
		Sundaram Auto Components Ltd., Chennai	65.77	-	-	-	65.77
		TVS Electronics Ltd., Chennai	176.31	-	-	-	176.31
		Sundaram Industries Ltd., Madurai	-	-	-	-	-
			1,064.57 (1,204.97)	-	-	-	1,064.57 (1,208.31)
6	Receiving of services	TVS Electronics Ltd., Chennai	14.85	-	-	-	14.85
		TVS Finance & Services Ltd., Chennai	79.09	-	-	-	79.09
		T V Sundram Iyengar & Sons Ltd., Madurai	-	6.51	-	-	6.51
		Sundaram Non Conventional Energy Systems Ltd., Chennai	-	46.22	-	-	46.22
					93.94 (145.16)	52.73 (165.05)	-
7	Lease rent received	Sundaram Non Conventional Energy Systems Ltd., Chennai	-	23.68	-	-	23.68
			-	(23.68)	-	-	(23.68)
8	Remuneration paid		-	-	116.52	0.05	116.57
			-	-	(256.85)	(0.05)	(256.90)
9	Other transactions Rent paid	Anusha Investments Ltd., Chennai	2.75	-	-	-	2.75
		TVS Electronics Ltd., Chennai	3.31	-	-	-	3.31
			6.06 (5.75)	-	-	-	6.06 (5.75)
	Interest expenses	Anusha Investments Ltd., Chennai	0.71	-	-	-	0.71
			0.71 (27.74)	-	-	-	0.71 (27.74)

Previous year's figures are furnished in brackets

Schedules (continued)

(Rupees in lakhs)

XX NOTES ON ACCOUNTS (continued)

22. Related Party Transactions (continued)

Sl.No.	Nature of Transactions	Name of the Company	Subsidiaries	Associates	Key management personnel	Relative of key management personnel	Total
10	Finance Inter corporate deposits made and received back	Anusha Investments Ltd., Chennai	2,305.00	-	-	-	2,305.00
		Sundaram Auto Components Ltd., Chennai	570.00	-	-	-	570.00
		TVS Finance & Services Ltd., Chennai	1,000.00	-	-	-	1,000.00
		TVS Investments Ltd., Chennai	2,500.00	-	-	-	2,500.00
			6,375.00 (2,432.00)	-	-	-	-
	Inter corporate deposits received and repaid	Anusha Investments Ltd., Chennai	250.00 (125.00)	- -	- -	- -	250.00 (125.00)
	Dividend received	TVS Motor Company Ltd., Chennai	31.50	-	-	-	31.50
Anusha Investments Ltd., Chennai		100.00	-	-	-	100.00	
		131.50 (1,373.00)	- -	- -	- -	- -	131.50 (1,373.00)
	Interest income received	Anusha Investments Ltd., Chennai	84.01	-	-	-	84.01
Sundaram Auto Components Ltd., Chennai		24.46	-	-	-	24.46	
TVS Investments Ltd., Chennai		66.58	-	-	-	66.58	
Auto (India) Engineering Ltd., Chennai		0.64	-	-	-	0.64	
TVS Finance and Services Ltd., Chennai		11.13	-	-	-	11.13	
		186.82 (7.00)	- -	- -	- -	- -	186.82 (7.00)
11	Outstanding as on 31st March 2008 Loans & advances	Anusha Investments Ltd., Chennai	1,000.00	-	-	-	1,000.00
		Auto (India) Engineering Ltd., Chennai	133.00	-	-	-	133.00
			1,133.00 (119.47)	- -	- -	- -	1,133.00 (119.47)
	Other current assets	Anusha Investments Ltd., Chennai	8.54	-	-	-	8.54
Auto (India) Engineering Ltd., Chennai		0.64	-	-	-	0.64	
Sundaram Auto Components Ltd., Chennai		1.28	-	-	-	1.28	
		10.46	-	-	-	10.46	
	Receivables	TVS Motor Company Ltd., Chennai	2,155.39	-	-	-	2,155.39
TVS Electronics Ltd., Chennai		46.19	-	-	-	46.19	
Sundaram Auto Components Ltd., Chennai		38.93	-	-	-	38.93	
TVS Finance and Services Ltd., Chennai		1.38	-	-	-	1.38	
		2,241.89 (1,765.00)	- (191.00)	- -	- -	- -	2,241.89 (1,956.00)
	Payables	Sundram Non Conventional Energy Systems Ltd., Chennai	-	1.70	-	-	1.70
TVS Electronics Ltd., Chennai		0.20	-	-	-	0.20	
TVS Finance and Services Ltd., Chennai		2.44	-	-	-	2.44	
		2.64 (78.00)	1.70 (4.00)	- -	- -	- -	4.34 (82.00)

Previous year's figure are furnished in brackets



Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

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

		Year ended 31.03.2008		(Rupees in lakhs)		
		Quantity	Value	Quantity	Value	
				Year ended 31.03.2007		
				Quantity	Value	
I. RAW MATERIALS CONSUMED						
1.	a) Basic raw materials					
	Steel sheets, bar materials & tubes	Kgs	-	27,17,344	1,544.36	
	Castings and forgings	Nos	-	29,64,394	2,100.92	
	Aluminium alloys and ingots	Kgs	1,73,03,527	1,42,40,203	18,036.14	
	b) Intermediates and components (which individually do not account for 10 % or more of the total value of consumption)		2,607.11		22,889.12	
			<u>21,691.90</u>		<u>44,570.54</u>	
		% of total consumption		% of total consumption		
2.	Consumption of raw materials and components					
	a) Imported		70.7	15,339.51	38.1	16,973.74
	b) Indigeneous		29.3	6,352.39	61.9	27,596.80
			<u>100.0</u>	<u>21,691.90</u>	<u>100.0</u>	<u>44,570.54</u>
II. CONSUMPTION OF MACHINERY SPARES						
	a) Imported		3.2	8.61	11.4	31.24
	b) Indigeneous		96.8	257.40	88.6	243.42
			<u>100.0</u>	<u>266.01</u>	<u>100.0</u>	<u>274.66</u>
III. IMPORTS (CIF value)						
	a) Raw materials		16,988.57		17,063.50	
	b) Spares, stores and components		140.06		462.29	
	c) Capital goods		3,535.63		2,670.08	
	d) Trading goods		1,162.16		206.43	
IV. EXPENDITURE IN FOREIGN CURRENCY						
	a) Commission on sales		-		11.87	
	b) Travel		62.30		164.81	
	c) Training		0.37		51.46	
	d) Consultancy, retainer					
	- Productivity improvement		69.48			
	- Marketing		7.27			
	- Quality improvement		0.76			
	- Legal and trade marks		222.97			
			<u>300.48</u>		57.93	

Schedules (continued)

XX NOTES ON ACCOUNTS (continued)

	Year ended 31.03.2008	(Rupees in lakhs) Year ended 31.03.2007
IV EXPENDITURE IN FOREIGN CURRENCY (Continued)		
e) Market survey	–	290.89
f) Subscriptions	0.90	7.10
g) Computer software	7.84	13.04
h) Rework charges	6.79	139.47
i) Interest on foreign currency loan	617.44	616.54
j) Warehousing fees	278.52	175.51
k) Salaries	102.32	106.09
l) Insurance	–	5.27
m) Power and fuel	–	0.17
n) Rent	1.31	2.73
o) Repairs and Maintenance	27.21	29.43
p) Sitting fees	0.15	0.10
r) Others	14.25	34.47
V PAYMENT TO NON RESIDENT SHAREHOLDERS		
a) No. of non resident shareholders	One	One
b) No. of shares held by non residents	74,30,000	74,30,000
c) Dividend		
- relating to 31st March 2007 - Final	148.60	
- relating to 31st March 2008 - I interim	520.10	
- relating to 31st March 2006 - II interim		445.80
- relating to 31st March 2007 - I interim		520.00
- relating to 31st March 2007 - II interim		594.40
VI EARNINGS IN FOREIGN EXCHANGE		
a) Exports (on FOB basis)	15,681.36	13,360.41
b) Freight and insurance recovery	907.93	779.68
c) Others	0.38	432.42

Schedules (continued)

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

(Rupees in lakhs)

Product	Quantity in	Year ended 31.03.2008						Year ended 31.03.2007									
		Opening Stock		Production/ Purchases meant for sale	Sales		Closing Stock		Opening Stock		Production	Sales		Closing Stock			
		Qty.	Value		Qty.	Value	Qty.	Value	Qty.	Value		Qty.	Value	Qty.	Value		
(A) Manufactured items																	
a) Air assist and full air actuation system for automotive and non-automotive applications and elements thereof	(Sets)	1,716	171.42 ^e					540	83.92	4,44,025	4,42,849	39,680.11	1,716	171.42			
b) Spares			19.39 ^e						48.54			7,081.87		19.39			
c) Others			190.81^e						132.46			3,935.95		190.81			
d) Non-ferrous gravity and pressure die castings	Mt	1,650	3,840.14	16,442*	41,182.55	2,590	5,436.13	1,301	2,668.64	13,369	11,010	30,727.94	1,650	3,840.14			
(B) Traded items																	
a) Printers	Nos	277	26.43	11,457	1,068.04	1,603	193.80	-	-	1,704	1,427	193.44	277	26.43			
b) Keyboards	Nos	-	-	365,559	442.70	1,054	1.09	-	-	-	-	-	-	-			
			26.43		1,510.74		194.89		-			193.44		26.43			
					42,693.29							81,619.31					

^e Transferred to WABCO-TVS (India) Limited on de-merger * Includes for internal consumption of 36 Mt. (last year 2,010 Mt.)

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

VENU SRINIVASAN
Managing Director

GOPAL SRINIVASAN
Director

As per our report annexed
For SUNDARAM & SRINIVASAN
Chartered Accountants

Chennai
August 18, 2008

V N VENKATANATHAN
Executive Vice President-Finance & Secretary

M BALASUBRAMANIAM
Partner

Cash Flow Statement for the year ended 31st March 2008

	(Rupees in lakhs)	
	Year ended 31.03.2008	Year ended 31.03.2007
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and extraordinary items	3,535.36	12,808.26
Adjustments for:		
Depreciation	2,774.43	3,279.30
Dividend received	(215.34)	(1,572.96)
Profit on sale of investments	(415.76)	(258.36)
Interest (net)	1,080.78	1,523.77
	<u>3,224.11</u>	<u>2,971.75</u>
Operating profit before working capital changes	6,759.47	15,780.01
Adjustments for:		
Inventories	(1,438.37)	(3,025.91)
Sundry debtors	5,355.62	(2,378.67)
Other current assets	2.77	31.06
Loans and advances	(2,139.24)	(2,592.31)
Current liabilities	(4,272.06)	(747.93)
Provisions	(1,633.28)	(42.77)
	<u>(4,124.56)</u>	<u>(8,756.53)</u>
	2,634.91	7,023.48
Interest paid	(1,316.28)	(1,657.44)
Direct taxes paid	(1,058.43)	(3,468.64)
Net cash from operating activities	(A) 260.20	1,897.40
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to fixed assets including capital work in progress	(5,678.03)	(6,469.19)
Transfer of fixed assets to WABCO-TVS (India) Limited on de-merger (net)	11,247.29	-
Deletion to fixed assets (net)	276.42	797.82
Redemption / (Purchase) of investments (net)	1,287.01	(1,125.61)
Profit on sale of investments	415.76	258.36
Interest received	235.50	133.67
Dividend received	215.34	1,572.96
Net cash used in investing activities	(B) 7,999.29	(4,831.99)



Sundaram-Clayton Limited

Cash Flow Statement for the year ended 31st March 2008 (continued)

	Year ended 31.03.2008	Year ended 31.03.2007
(Rupees in lakhs)		
C. CASH FLOW FROM FINANCING ACTIVITIES		
Transfers / cancellation consequent to demerger to WABCO-TVS (India) Limited		
Share capital	(948.38)	
General reserves	(7,832.12)	
Cancellation of shares held in WABCO-TVS (India) Limited	(5.00)	
Profit and Loss Account	(3,435.13)	
Deferred tax liability	<u>(139.66)</u>	-
Long term borrowings:		
Secured loans availed	(2,484.84)	2,965.87
Unsecured loans availed	6,239.21	3,621.68
Miscellaneous expenditure not written off	(299.27)	3.31
Dividend paid	<u>(893.20)</u>	<u>(4,541.83)</u>
Net cash from financing activities	(C) <u>(9,798.39)</u>	<u>2,049.03</u>
D. NET INCREASE IN CASH AND CASH EQUIVALENTS		
	(A+B+C)	(885.56)
Opening cash and cash equivalents (01 04 2007)		
Cash & bank balances	971.46	1,478.29
Cash credit utilisation	<u>(6,360.54)</u>	<u>(5,981.81)</u>
	(5,389.08)	(4,503.52)
Closing cash and cash equivalents (31 03 2008)		
Cash & bank balances	837.37	971.46
Cash credit utilisation	<u>(7,765.35)</u>	<u>(6,360.54)</u>
	(6,927.98)	(5,389.08)

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 equivalents include cash & bank balances.

VENU SRINIVASAN
Managing Director

GOPAL SRINIVASAN
Director

As per our report annexed
For SUNDARAM & SRINIVASAN
Chartered Accountants

Chennai
August 18, 2008

V N VENKATANATHAN
Executive Vice President-Finance & Secretary

M BALASUBRAMANIAM
Partner

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

Name of the subsidiaries	Anusha Investments Limited, Chennai	TVS Investments Limited, Chennai	TVS Motor Company Limited, Chennai
1. Financial year of the subsidiaries ended on	31.03.2008	31.03.2008	31.03.2008
2. Shares of the subsidiaries held by the company on 31.03.2008			
a) Number and face value-equity	5,00,000 equity shares of Rs.100/- each fully paid	2,71,88,318 equity shares of Rs.10/- each fully paid	2,10,00,000 equity shares of Re.1/- each fully paid
b) Extent of holding	100%	100%	8.84%
3. Net aggregate amount of profit/losses of the subsidiaries not dealt with in the company's account so far as it concerns the members of the holding company	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
a) for the financial year of the subsidiaries	248.39	(219.90)	2.81
b) for the previous financial years since they became subsidiaries	2,999.70	(542.34)	68.87
4. Net aggregate amount of profit/losses of the subsidiaries dealt with in the company's account so far as it concerns the members of the holding company	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
a) for the financial year of the subsidiary	100.00	-	31.50
b) for the previous financial years since they became subsidiaries	6,780.00	165.00	1,335.00
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 and TVS Finance and Services Limited (TVSF&S), Chennai are subsidiaries of TVS Investments Limited, Chennai, which is a subsidiary of Sundaram-Clayton Limited, Chennai (SCL). Hence TVSE and TVSF & S are subsidiaries of SCL u/s 4(1)(c) of the Companies Act, 1956.

2. Sravanaa Properties Limited, Chennai is a wholly-owned subsidiary of TVS Capital Funds Limited which is a wholly owned subsidiary of TVS Investments Limited, Chennai. Hence it is a subsidiary of SCL u/s 4(1)(c) of the Companies Act, 1956.

3. Tumkur Property Holdings Limited, Chennai and Prime Property Holdings Limited, Chennai are wholly owned subsidiaries of TVS Electronics Limited, Chennai which is a subsidiary of TVS Investments Limited, Chennai. Hence they are subsidiaries of SCL u/s 4(1)(c) of the Companies Act, 1956.

4. TVS-E Access India Limited, Chennai and TVS-E Servicetec Limited, Chennai are wholly owned subsidiaries of TVS Investments Limited. Hence they are subsidiaries of SCL u/s 4(1)(c) of the Companies Act, 1956.

5. Sundaram-Clayton Limited and its wholly owned subsidiary Anusha Investments Limited, Chennai together hold 56.83% of the paid up equity capital of TVS Motor Company Limited (TVSM), Chennai. Hence, TVSM is a subsidiary of SCL.

6. Sundaram Auto Components Limited (SACL), Chennai being a wholly-owned subsidiary of TVSM is a subsidiary of SCL u/s 4(1)(c) of the Companies Act, 1956.

7. PT TVS Motor company Indonesia, Jakarta, TVS Motor (Singapore) Pte Limited, Singapore and TVS Motor Company (Europe) BV, Amsterdam being overseas subsidiaries of TVSM are subsidiaries of SCL u/s 4(1)(c) of the Companies Act, 1956.

8. Auto (India) Engineering Limited, Chennai (formerly known as Padi Automotive Systems Limited, Chennai) is a wholly owned subsidiary company of Anusha Investments Ltd, Chennai. Hence it is a subsidiary company of SCL u/s 4(1)(c) of the Companies Act 1956.

VENU SRINIVASAN
Managing Director

GOPAL SRINIVASAN
Director

V N VENKATANATHAN
Executive Vice President-Finance & Secretary

Chennai
August 18, 2008



Sundaram-Clayton Limited

Balance Sheet abstract and Company's General Business Profile vide notification dated 15.5.95 issued by Ministry of Company Affairs

I Registration Details

Registration No. of
 State Code
 Balance Sheet Date
 Date Month Year

II Capital raised during the Year (Amount in Rs. Thousands)

Public Issue
 Bonus Issue
 Rights Issue
 Private Placement

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

Total Liabilities
 Total Assets

Source of Funds

Paid-up Capital
 Secured Loans
 Deferred Tax Liability
 Reserves & Surplus
 Unsecured Loans

Application of Funds

Net Fixed Assets
 Investments
 Misc. Expenditure
 Capital work-in-progress
 Net current Assets

IV Performance of Company (Amount in Rs. thousands)

Turnover
 Profit before tax
 Earning per share in Rs.
 Total Expenditure
 Profit after tax
 Dividend Rate - %

V Generic names of three Principal Products / Services of the Company (As per monetary terms ITC Code)

Product Description
 Non-ferrous gravity and pressure die castings
 Item Code No. (ITC Code)

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 2008 and also the related Profit and Loss Account and the Cash flow statement for the year ended on that date, both annexed hereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We did not audit the financial statements of subsidiaries, namely TVS Motor Company (Europe) B.V., Amsterdam, TVS Motor (Singapore) Pte. Ltd., Singapore and PT TVS Motor Company Indonesia, Jakarta, Sravanaa Properties Limited, Chennai and TVS Finance and Services Limited, Chennai, TVS Capital Funds Limited, Chennai, Tumkur Property Holdings Limited, Chennai and Prime Property Holdings Limited, Chennai, for the year ended 31st March 2008. The financial statements and other information of the subsidiaries have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is solely based on the reports of the other auditors.

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

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

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21 read with Accounting Standard 23 issued by the Institute of Chartered Accountants of India, on the basis of the individual financial statements of M/s Sundaram-Clayton Limited, Sundram Non-Conventional Energy Systems Limited, Chennai, an associate of subsidiary, namely M/s. Anusha Investments Limited, Chennai, TVS E Technologies Limited, Chennai, an associate of subsidiary of M/s TVS Investments Limited, Chennai and the subsidiary companies of M/s Sundaram-Clayton Limited, included in the aforesaid consolidation.

In our opinion, and based on our audit, the consolidated financial statements referred to above give a true and fair view of the financial position of M/s.Sundaram-Clayton Limited, its subsidiaries as at 31st March 2008 and of the results of their operations and their cash flows for the year ended in conformity with generally accepted accounting principles in India.

For SUNDARAM & SRINIVASAN
Chartered Accountants

M BALASUBRAMANIAM
Partner

Chennai
18th August 2008

Membership No. F7945



Consolidated accounts of Sundaram-Clayton Limited and its subsidiaries

Consolidated Balance Sheet as at 31st March 2008

	Schedule number	As at 31.03.2008	(Rupees in lakhs) As at 31.03.2007
I. SOURCE OF FUNDS			
1. Shareholders' funds			
Capital	I	948.38	1,896.76
Reserves and surplus	II	<u>59,040.66</u>	<u>73,543.07</u>
		59,989.04	75,439.83
2. Minority interest			
	III	34,738.61	34,755.83
3. Loans			
Secured loans	IV	108,092.14	90,858.76
Unsecured loans	V	<u>47,750.75</u>	<u>40,653.13</u>
		155,842.89	131,511.89
4. Deferred Taxation (net of deferred tax assets)			
	VI	<u>14,478.68</u>	<u>17,369.16</u>
		<u>265,049.22</u>	<u>259,076.71</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets			
Gross block	VII	264,789.83	229,191.07
Less: Depreciation		<u>99,511.59</u>	<u>95,572.18</u>
		165,278.24	133,618.89
Less: Lease terminal adjustment		<u>(54.58)</u>	<u>472.00</u>
Net block		165,332.82	133,146.89
Capital work-in-progress		4,939.44	26,823.23
2. Investments			
	VIII	14,832.14	17,164.17
3. Current assets, loans and advances			
Inventories	IX	57,183.45	54,250.14
Stock on Hire		19.44	33.00
Sundry debtors	X	19,324.04	28,454.49
Cash & bank balances	XI	9,207.49	20,044.71
Other current assets	XII	37.13	87.45
Loans & advances	XIII	<u>67,323.12</u>	<u>62,334.85</u>
	(a)	<u>153,094.67</u>	<u>165,204.64</u>
Less: Current liabilities and provisions			
Current liabilities	XIV	71,753.08	78,523.20
Provisions	XV	<u>8,782.14</u>	<u>10,593.70</u>
	(b)	<u>80,535.22</u>	<u>89,116.90</u>
Net current assets	(a)-(b)	72,559.45	76,087.74
4. Miscellaneous expenditure (to the extent not written off or adjusted)			
	XVI	<u>7,385.37</u>	<u>5,854.68</u>
		<u>265,049.22</u>	<u>259,076.71</u>

VENU SRINIVASAN
Managing Director

GOPAL SRINIVASAN
Director

As per our report annexed
For SUNDARAM & SRINIVASAN
Chartered Accountants

Chennai
August 18, 2008

V N VENKATANATHAN
Executive Vice President-Finance & Secretary

M BALASUBRAMANIAM
Partner

Consolidated Profit & Loss Account for the year ended 31st March 2008

	Schedule number	Year ended 31.03.2008	(Rupees in lakhs) Year ended 31.03.2007
Sales (Gross)		435,285.04	562,494.15
Less: Excise duty		52,899.18	75,280.00
Sales (Net)		<u>382,385.86</u>	<u>487,214.15</u>
Income from finance operations		4,624.29	4,921.06
Other Income	XVII	12,068.80	8,780.65
Income from extraordinary items		1,559.65	—
Total	(c)	<u>400,638.60</u>	<u>500,915.86</u>
Materials consumed	XVIII	264,564.30	333,627.63
Cost of traded items	XIX	3,925.77	4,574.10
Salaries & wages, stores consumed and other expenses	XX	111,653.01	123,154.55
Interest (net)		7,892.82	8,077.25
Depreciation		14,399.46	13,336.78
Provision as per Reserve Bank of India norms		2,103.98	548.95
Total	(d)	<u>404,539.34</u>	<u>483,319.26</u>
Profit for the year before tax	(c)-(d)	<u>(3,900.74)</u>	<u>17,596.60</u>
Provision for current tax		1,544.00	4,394.00
Provision for fringe benefit tax		555.66	673.00
Profit after current tax		<u>(6,000.40)</u>	<u>12,529.60</u>
Provision for deferred taxation (net)		2,918.73	(729.00)
Provision for Investment allowance		(27.46)	—
Pro rata share of loss (net of profit) from associate		(249.07)	(21.00)
Profit for the year after tax		<u>(3,358.20)</u>	<u>11,779.60</u>
Relating to parent company		(2,242.00)	9,711.63
Relating to minority shareholders		<u>(1,116.20)</u>	<u>2,068.00</u>
Tax relating to earlier years		(6.37)	19.00
Expense relating to earlier years		(235.93)	—
Profit after deferred tax, expenses, write off and tax relating to earlier years		<u>(3,600.50)</u>	<u>11,798.60</u>
Balance brought forward from previous year		(4,546.00)	(2,758.66)
Balance brought forward from the current year		<u>(3,600.50)</u>	<u>11,798.60</u>
Total		<u>(8,146.50)</u>	<u>9,039.94</u>
Interim dividend paid		384.10	2,673.12
Interim dividend payable		331.93	—
Proposed dividend		—	379.35
Transfer to WABCO-TVS (India) Limited on demerger		3,435.13	—
Tax on dividend including surcharge		468.72	973.47
Transfer to statutory reserve under sec 45 IC of the Reserve Bank of India Act, 1934		69.69	265.00
Transfer to general reserve		2,566.96	9,295.00
Balance carried to balance sheet - Parent company	(13,366.15)		(2,302.00)
- Minority interest	(2,036.88)	<u>(15,403.03)</u>	<u>(2,244.00)</u>
Total		<u>(8,146.50)</u>	<u>9,039.94</u>
Notes on accounts	XXI		
Nominal value of equity shares (Rs)		5.00	10.00
Basic earnings per share in rupees on 1,89,67,584 shares		(11.82)	49.80
Diluted earnings per share in rupees		(11.82)	49.80

VENU SRINIVASAN
Managing Director

GOPAL SRINIVASAN
Director

As per our report annexed
For SUNDARAM & SRINIVASAN
Chartered Accountants

Chennai
August 18, 2008

V N VENKATANATHAN
Executive Vice President-Finance & Secretary

M BALASUBRAMANIAM
Partner



Consolidated accounts of Sundaram-Clayton Limited and its subsidiaries

Consolidated schedules

	(Rupees in lakhs)	
	As at 31.03.2008	As at 31.03.2007
I. SHARE CAPITAL - Parent company		
Authorised		
2,00,00,000 Equity Shares of Rs. 5/- (last year Rs. 10/-) each	<u>1,000.00</u>	<u>2,000.00</u>
Issued, subscribed and paid-up		
1,89,67,584 Equity Shares of Rs.5/- (last year Rs. 10/-) each fully paid	<u>948.38</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 (During the year the face value of the share Authorised, issued, Subscribed and Paid-up was reduced from Rs. 10/- each to Rs. 5/- each consequent to the Scheme of de-merger sanctioned by the Hon'ble High Court of Judicature at Madras)		
II. RESERVES AND SURPLUS		
Capital reserve - Parent company	3,397.00	3,402.00
- On amalgamation	401.60	401.60
- On consolidation	9,633.07	9,334.70
- Others	104.23	104.23
Less: Goodwill	<u>(3,772.17)</u>	<u>(2,418.00)</u>
Share premium	193.80	193.80
Investment subsidy	6.67	6.67
Statutory reserve u/s 45 IC of Reserve Bank of India Act, 1934	2,001.19	1,921.00
Foreign currency translation reserve	193.79	568.71
Investment allowance reserve	27.46	—
General reserve	60,212.61	62,312.33
Debit balance in Profit & Loss A/c	<u>(13,366.15)</u>	<u>(2,302.00)</u>
Employee stock option	7.56	18.03
Total	<u>59,040.66</u>	<u>73,543.07</u>
III. MINORITY INTEREST		
Share capital	2,160.83	2,160.83
Reserves	34,614.66	34,839.00
Deficit i.e., balance in Profit & Loss account	<u>(2,036.88)</u>	<u>(2,244.00)</u>
	<u>34,738.61</u>	<u>34,755.83</u>
IV. SECURED LOANS		
External commercial borrowings	40,130.00	47,653.14
Term loans from banks and financial institutions	35,186.66	30,364.86
Redeemable and Non-convertible Bonds & Debentures	14,988.33	—
Cash credit from banks	<u>17,787.15</u>	<u>12,840.76</u>
(The description of securities and mode of redemption are given in the annual reports of the respective companies.)	<u>108,092.14</u>	<u>90,858.76</u>

Consolidated schedules (Continued)

	As at 31.03.2008	(Rupees in lakhs) As at 31.03.2007
V. UNSECURED LOANS		
Long term		
From banks	1,970.50	793.65
From others	1,909.25	1,929.46
Short term		
From banks	33,504.00	30,700.06
Other deposits / loans	10,367.00	7,229.96
	<u>47,750.75</u>	<u>40,653.13</u>
VI. DEFERRED TAXATION (NET)		
Deferred tax liabilities		
Tax on depreciation	12,727.89	16,925.05
Amortisation allowance	5,551.37	4,673.25
	(a) <u>18,279.26</u>	<u>21,598.30</u>
Less: Deferred tax assets		
On employees' related schemes	659.96	770.14
On other timing differences	3,140.62	3,459.00
	(b) <u>3,800.58</u>	<u>4,229.14</u>
Net deferred tax liability	(a-b) <u>14,478.68</u>	<u>17,369.16</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	
									31.03.2008	31.03.2007
Cost of Assets										
As on 01.04.2007	21,227.06	2,069.93	20,975.52	170,927.83	800.00	9,817.17	2,500.88	872.68	229,191.07	209,797.15
Additions	3,092.00	730.62	16,484.54	40,850.08	-	1,394.63	110.98	330.92	62,993.77	23,105.55
Less: Sales/Transfer/discarded	4,528.23	379.33	2,972.11	16,501.98	-	1,446.15	1,378.77	188.44	27,395.01	3,711.63
Total	19,790.83	2,421.22	34,487.95	195,275.93	800.00	9,765.65	1,233.09	1,015.16	264,789.83	229,191.07
Depreciation/ Amortisation										
Upto 31.03.2007	-	0.79	4,791.14	81,267.12	335.67	6,642.99	1,764.75	769.72	95,572.18	83,779.67
For the year	-	11.65	950.56	12,265.72	76.00	778.39	171.14	171.53	14,424.99	13,445.95
Increase/(Decrease) upon revaluation	-	-	-	-	-	-	-	-	-	-
Deductions on sales/transfer/discarded	-	-	279.04	8,052.27	-	783.15	1,219.78	151.34	10,485.58	1,653.44
Total	-	12.44	5,462.66	85,480.57	411.67	6,638.23	716.11	789.91	99,511.59	95,572.18
Written down value										
As at 31.03.2008	19,790.83	2,408.78	29,025.29	109,795.36	388.33	3,127.42	516.98	225.25	165,278.24	-
As at 31.03.2007	21,227.06	2,069.14	16,184.38	89,660.71	464.33	3,174.18	736.13	102.96	-	133,618.89

CAPITAL WORK-IN-PROGRESS (at cost)

	As at 31.03.2008	As at 31.03.2007
Building under construction	349.99	9,155.79
Machinery in transit/installation	4,369.05	12,033.64
Others	220.40	5633.80
Total	<u>4,939.44</u>	<u>26,823.23</u>



Consolidated accounts of Sundaram-Clayton Limited and its subsidiaries

Consolidated schedules (Continued)

		(Rupees in lakhs)	
		As at 31.03.2008	As at 31.03.2007
VIII.	INVESTMENTS - (AT COST)		
	QUOTED INVESTMENTS		
	Trade	313.15	310.95
	Non-trade	11,992.05	15,916.14
	(a)	<u>12,305.20</u>	<u>16,227.09</u>
	UNQUOTED INVESTMENTS		
	Trade	2,624.62	1,278.86
	Pro-rata equity interest in associate (net)	(255.27)	82.08
	Pre-acquisition loss of associate	(529.00)	(529.00)
	Non-trade	686.59	105.14
	(b)	<u>2,526.94</u>	<u>937.08</u>
	Total investments	<u>14,832.14</u>	<u>17,164.17</u>
	Short term investments	<u>9,480.50</u>	<u>12,687.30</u>
	Long term investments	<u>5,351.64</u>	<u>4,476.87</u>
		<u>14,832.14</u>	<u>17,164.17</u>
	Aggregate market value of quoted investments	<u>11,639.57</u>	<u>19,650.65</u>
IX.	INVENTORIES		
	Raw materials and components *	14,792.12	17,042.18
	Work-in-process *	3,620.38	3,625.48
	Finished goods *	20,774.14	16,765.43
	Stores *	10,877.68	10,632.59
	Goods-in-transit at cost	6,436.01	5,761.45
	Other inventory	0.48	0.48
	Traded items at cost	682.64	422.53
		<u>57,183.45</u>	<u>54,250.14</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-CONSIDERED GOOD		
	Debts outstanding for a period exceeding six months	2,021.55	8,852.65
	Less: Provision for bad and doubtful debts	309.00	530.65
		<u>1,712.55</u>	<u>8,322.00</u>
	Other debts	17,611.49	20,132.49
		<u>19,324.04</u>	<u>28,454.49</u>
XI.	CASH AND BANK BALANCES		
	Cash, cheques and stamps on hand	234.15	363.65
	With scheduled banks		
	Current accounts	1,975.87	2,739.86
	Term deposit account	5,711.27	16,620.00
	Cash credit account	51.65	302.25
	Escrow account	450.00	-
	With others		
	Current account with Bank of America, Chicago, USA	18.21	18.95
	Post Offices	635.59	-
	ECS Monitoring Agencies	130.75	-
		<u>9,207.49</u>	<u>20,044.71</u>
XII.	OTHER CURRENT ASSETS		
	Interest accrued on investments and deposits	37.13	87.45
		<u>37.13</u>	<u>87.45</u>

Consolidated schedules (Continued)

		(Rupees in lakhs)	
		As at/ Year ended 31.03.2008	As at/ Year ended 31.03.2007
XIII.	LOANS AND ADVANCES		
	Secured, considered good	22,953.21	13,963.00
	Unsecured, considered good		
	Inter corporate advances	974.00	1,789.00
	Tax deducted at source and advance tax - net of provisions	5,333.08	2,888.65
	Advances recoverable in cash or in kind or for value to be received	34,244.39	41,404.25
	Deposits	3,687.91	2,112.00
	Mortgage loan and short term financing	130.53	177.95
		<u>67,323.12</u>	<u>62,334.85</u>
XIV.	CURRENT LIABILITIES		
	Sundry creditors	62,688.19	72,528.15
	Interest accrued but not due on loans	385.06	401.95
	Unexpired service contracts	141.96	187.65
	Other liabilities	8,537.87	5,405.45
		<u>71,753.08</u>	<u>78,523.20</u>
XV.	PROVISIONS		
	Interim dividend payable	331.93	-
	Proposed final dividend	-	379.35
	Dividend tax	386.44	149.58
	Pension	4,102.90	5,396.44
	Leave salary	691.86	749.14
	Warranty	1,114.27	1,683.54
	Provision for staff benefit scheme	58.70	95.25
	Provision as per Reserve Bank of India norms	847.18	869.68
	Diminution in value of shares	1,020.20	987.30
	Others	228.66	283.42
		<u>8,782.14</u>	<u>10,593.70</u>
XVI.	MISCELLANEOUS EXPENDITURE		
	(to the extent not written off or adjusted)		
	Expenditure pending allocation	299.27	-
	New product launch expenses	6,391.00	5,231.68
	Share issue and preliminary expenses	1.10	1.00
	Upfront fee on foreign currency loans	426.00	622.00
	Voluntary Retirement Scheme expenses	268.00	-
		<u>7,385.37</u>	<u>5,854.68</u>
XVII.	OTHER INCOME		
	Sale of scrap & empties	2,801.17	3,111.31
	Lease rent	23.68	23.68
	Management services	748.00	48.00
	Profit on sale of assets	1,959.06	523.85
	Dividend	487.86	1,526.00
	Profit on sale of investments	1,914.41	1,065.25
	Miscellaneous income	4,133.95	2,049.34
	Rent receipts	0.67	0.87
	Software Development charges earned	-	432.35
		<u>12,068.80</u>	<u>8,780.65</u>



Consolidated accounts of Sundaram-Clayton Limited and its subsidiaries

Consolidated schedules (Continued)

		(Rupees in lakhs)	
		Year ended 31.03.2008	Year ended 31.03.2007
XVIII. MATERIALS CONSUMED			
Opening stock :			
Raw materials		17,042.18	12,236.84
Work-in-process		3,625.48	2,974.39
Finished goods		16,765.43	20,055.93
		<u>37,433.09</u>	<u>35,267.16</u>
Less : Transfer to WABCO-TVS (India) Limited on demerger		1,532.47	–
		<u>35,900.62</u>	<u>35,267.16</u>
Add : Purchases		267,850.32	335,793.56
Total	(a)	<u>303,750.94</u>	<u>371,060.72</u>
Less : Closing stock :			
Raw materials		14,792.12	17,042.18
Work-in-process		3,620.38	3,625.48
Finished goods		20,774.14	16,765.43
Total	(b)	<u>39,186.64</u>	<u>37,433.09</u>
Net	(a)-(b)	<u>264,564.30</u>	<u>333,627.63</u>
XIX. COST OF TRADED ITEMS			
Opening stock :		423.01	200.87
Add : Purchases		4,185.40	4,795.76
Total		<u>4,608.41</u>	<u>4,996.63</u>
Less : Closing stock		682.64	422.53
Net		<u>3,925.77</u>	<u>4,574.10</u>
XX. SALARIES & WAGES, STORES CONSUMED AND OTHER EXPENSES			
Salaries, wages and bonus		23,848.46	24,796.24
Contribution to provident and other funds		1,251.81	2,200.10
Workmen and staff welfare expenses		3,611.66	4,027.94
Stores and tools consumed		7,106.74	8,623.78
Power and fuel		7,130.25	7,608.34
Rent		1,311.44	1,043.55
Rates and taxes		538.10	2,253.69
Repairs and maintenance			
Building		1,094.87	1,247.60
Machinery		4,142.16	4,029.15
Other assets		688.65	591.85
Insurance		567.64	602.95
Directors' sitting fees		19.20	13.95
Commission to independent directors		18.00	18.00
Audit fees (including service tax)		94.98	85.42
Packing and forwarding		11,259.61	14,607.84
Advertisement and publicity		10,441.60	16,593.40
Other marketing expenses		15,700.25	11,695.24
Sales commission		1,277.28	903.89
Cash discount		2.33	41.75
Loss on sale of fixed assets		148.30	140.24
Other expenses		21,204.68	21,841.69
Miscellaneous expenditure written off		195.00	187.94
		<u>111,653.01</u>	<u>123,154.55</u>

CONSOLIDATED NOTES ON ACCOUNTS (continued)

XXI NOTES ON ACCOUNTS

1 Consolidation of accounts

A Basis of accounting

The financial statements relate to Sundaram-Clayton Limited (parent company) and its subsidiary companies and 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.

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

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

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

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

B 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 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.

C The subsidiary companies considered in the consolidated accounts are:

Name of the subsidiary company	Country of incorporation	Shareholding as on	Extent of holding (%)	
			Direct	Indirect
Anusha Investments Ltd.	India	31.03.2008	100.00	–
TVS Investments Ltd	India	31.03.2008	100.00	–
Auto (India) Engineering Ltd.	India	31.03.2008	–	100.00
TVS Motor Company Ltd.	India	31.03.2008	8.84	47.99
Sundaram Auto Components Ltd.	India	31.03.2008	–	56.83
TVS Motor (Singapore) Pte. Ltd.	Singapore	31.03.2008	–	56.83
TVS Motor Company (Europe) BV	Netherlands	31.03.2008	–	56.83
PT TVS Motor Company Indonesia	Indonesia	31.03.2008	–	56.83
TVS Electronics Ltd.	India	31.03.2008	–	59.72
TVS Capital Funds Ltd.	India	31.03.2008	–	100.00
TVS-E Access India Ltd.	India	31.03.2008	–	100.00
TVS-E Servicetec Ltd.	India	31.03.2008	–	100.00
TVS Finance and Services Ltd.	India	31.03.2008	–	72.61
Sravanaa Properties Ltd.	India	31.03.2008	–	100.00
Tumkur Property Holdings Ltd.	India	31.03.2008	–	59.72
Prime Property Holdings Ltd.	India	31.03.2008	–	59.72

D 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.



Consolidated accounts of Sundaram-Clayton Limited and its subsidiaries

CONSOLIDATED NOTES ON ACCOUNTS (continued)

	(Rupees in lakhs)	
	As at / Year ended 31.03.2008	As at / Year ended 31.03.2007
1 Sundry creditors include		
a) Amount liable to be transferred to Investor Education and Protection fund:		
- Unpaid dividend	138.85	376.25
- Unclaimed deposits	0.51	-
b) Due to directors	91.94	374.12
c) Amount due to Small Scale Industrial units	2,592.42	3,080.00
d) Amount due to other industrial units	36,809.78	40,848.00
2 Bank balance - in unpaid dividend account	138.85	376.25
- Balance lying with Non-scheduled banks	-	-
(i) HSBC Private Bank (Suisse) SA, Singapore		
- in 24 hrs. call deposit account	4.00	2,301.00
- in deposit account	-	4,339.00
(ii) The HSBC Bank Plc, London, UK		
- in Current Account	2.84	-
- in term deposit account	485.57	-
(iii) Bank of America, Chicago, USA		
- in Current Account	8.13	15.12
(iv) The Hongkong and Shanghai Banking Corpn. Ltd, Hongkong		
- in deposit account	10.00	11.00
(v) Industrial and Commercial Bank of China		
- in current account	3.21	-
- in deposit account	1.00	-
3 Loans and advances include:		
(a) Deposit with central excise	25.20	1,006.79
(b) Due from officer of the companies	21.66	5.00
(c) Deposits with sales tax	316.32	103.00
(d) Deposit with post office	638.64	3.00
(e) Maximum amount due from an officer of the company at any time during the year	21.69	5.00
(f) Deposit with ECS Monitoring agencies	130.75	-
4 Contingent liability not provided for		
(a) On counter guarantees given to bankers	78.50	524.88
(b) On letters of credit opened with bankers	7,961.21	5,493.25
(c) On partly paid shares	0.04	0.04
(d) Estimated amount of contracts remaining to be executed on capital account	5,837.19	9,276.00
(e) On guarantees furnished on behalf of employees	125.90	127.00
(f) On account of future export obligations (under Export Promotion Capital Goods Scheme)	8,825.89	8,030.12
(g) On bills discounted	3,964.33	8,159.00
(h) Recourse obligations in respect of securitised/assigned contracts	2,551.52	-
(i) Capital commitment made to TVS Private equity Trust	5,100.00	-
(j) On obligation arising out of agreements facilitating credit to associate company	7,500.00	7,500.00
(k) Others	292.98	387.00

CONSOLIDATED NOTES ON ACCOUNTS (continued)

	(Rupees in lakhs)	
	As at / Year ended 31.03.2008	As at / Year ended 31.03.2007
5 Tax deducted at source on		
a) Interest receipts	474.70	291.15
b) Service Charges	357.60	67.14
c) Rent	1.98	2.00
d) Contract income	74.50	107.00
e) Other income	28.85	120.02
6 Repairs include		
a) Stores consumed	1,828.34	1,891.15
b) Wages	340.68	321.21
7 Interest paid comprises of		
a) Interest on fixed loans	5,939.04	5,500.15
b) Interest - Others	3,863.90	4,441.12
Less: Interest receipts (gross) on loans, advances, deposits and investments	1,910.12	1,864.02
	<u>7,892.82</u>	<u>8,077.25</u>
8 Liability contested and not provided for		
a) Excise duty	3,310.84	1,344.50
b) Income tax	4,419.43	5,470.00
c) Sales tax	317.52	273.35
d) Others	61.00	76.04
e) Service tax	822.55	953.16
f) Customs	113.00	113.00
g) Electricity Tax	45.00	45.00
h) Employee settlement claims	5.00	5.00
i) Land acquisition	25.00	25.00
9 Depreciation		
* Including lease equalisation charges Rs. (-)25.53 lakhs (last year - Rs. 109.17 lakhs)	14,399.46	13,336.78
10 Loss on sale of investments netted against profit on sale of investments	128.00	238.00
11 Last year's figures have been regrouped wherever necessary to conform to this year's classification		

Consolidated Notes on Accounts (Continued)

12 Segment revenues, results and other information

Information about primary business segments

(Rupees in lakhs)

Particulars	Business segment											
	Automotive components		Two wheelers		Computer peripherals		Financial Services		Others		Total	
	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007
External sales – domestic	24,838.59	61,772.96	297,548.13	367,001.85	20,229.98	22,186.14	4,929.47	3,861.02	402.01	402.01	349,967.05	455,223.98
– exports	16,909.08	15,033.90	31,339.00	25,398.74	863.82	5,259.24	–	–	–	–	49,111.90	45,691.88
Inter segment sales	17,239.95	20,618.00	3,049.87	–	80.27	1.00	278.09	–	226.93	–	20,875.11	20,619.00
Total sales	58,987.62	97,424.86	331,937.00	392,400.59	21,174.07	27,446.38	5,207.56	3,861.02	402.01	402.01	419,954.06	521,534.86
Less: Inter segment sales	17,239.95	20,618.00	3,049.87	–	80.27	1.00	278.09	–	226.93	–	20,875.11	20,619.00
Net Revenue	41,747.67	76,806.86	328,887.13	392,400.59	21,093.80	27,445.38	4,929.47	3,861.02	402.01	402.01	399,078.95	500,915.86
Segment results before interest and tax	4,513.13	13,754.15	(2,158.78)	12,014.86	2,064.45	949.99	(251.45)	1,489.16	(175.27)	(2,534.31)	3,992.08	25,673.85
Add: Inter segment revenue	–	–	–	–	–	–	–	–	–	–	(249.07)	(21.00)
Less: Investment allowance reserve	–	–	–	–	–	–	–	–	–	–	(27.46)	–
Less: Interest	–	–	–	–	–	–	–	–	–	–	(7,892.82)	(8,077.25)
Profit before tax	–	–	–	–	–	–	–	–	–	–	(4,177.27)	17,575.60
Taxes	–	–	–	–	–	–	–	–	–	–	(819.07)	(5,796.00)
Profit after tax	–	–	–	–	–	–	–	–	–	–	(3,358.20)	11,779.60
Segment Assets	66,051.54	74,385.17	213,343.00	199,253.21	13,039.01	16,664.10	61,135.01	58,320.12	8,851.05	8,851.05	361,691.10	357,473.65
Segment Liabilities	44,081.81	42,944.14	140,261.00	126,031.22	8,429.26	13,844.10	60,218.11	44,031.10	7,387.76	–	260,377.94	226,850.56
Total cost incurred during the year to acquire segment assets	8,192.96	8,373.00	33,566.00	13,004.00	718.82	263.00	126.90	1,104.00	1,996.78	172.00	44,601.46	22,916.00
Segment Depreciation	3,361.39	3,701.28	10,298.00	8,759.94	521.96	701.85	153.76	170.96	64.35	2.97	14,399.46	13,336.78
Non-cash expenses other than depreciation	299.27	3.03	7,085.00	188.07	–	–	–	–	1.10	–	7,385.37	191.10

Notes :

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

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

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

CONSOLIDATED NOTES ON ACCOUNTS (continued)

Related party disclosures

13 (a) List of Related Parties:

Associate Companies	(i)	T V Sundram Iyengar & Sons Limited, Madurai
	(ii)	Sundaram Industries Limited, Madurai
	(iii)	Southern Roadways Limited, Madurai
	(iv)	Sundaram Non Conventional Energy Systems Limited, Chennai
	(v)	TVS-E Technologies Limited, Chennai
	(vi)	Clayton Dewandre Holdings Limited, UK.
Key Management Personnel		
Mr Venu Srinivasan	(i)	Managing director , Sundaram-Clayton Limited, Chairman and managing director , TVS Motor Company Ltd.
Mr Gopal Srinivasan	(ii)	Joint managing director , Sundaram-Clayton Ltd. Chairman and managing director , TVS Capital Funds Limited
Mr H Lakshmanan	(iii)	Wholtime director , Anusha Investments Limited

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

13 (b) Particulars of transactions with related parties during the year 2007-2008.

(Rupees in lakhs)

Sl. No.	Nature of transactions	Name of the Company	Amount
1	Purchase of goods	Sundaram Industries Ltd, Madurai	- (1,020.40)
2	Sale of goods (including sub contract charges received)	T V Sundram Iyengar & Sons Ltd, Madurai	- (864.77)
3	Rendering of services	Sundaram Industries Limited, Madurai	- (3.34)
4	Receiving of services	T V Sundram Iyengar & Sons Ltd, Madurai	6.51
		Sundaram Non Conventional Energy Systems Ltd, Chennai	46.22
			52.73 (165.05)
5	Lease rent received	Sundaram Non Conventional Energy Systems Ltd, Chennai	23.68
			(23.68)
6	Receivables	T V Sundram Iyengar & Sons Ltd, Madurai	-
		Southern Roadways Ltd, Madurai	-
			(191.00)
7	Payables	Sundaram Non Conventional Energy Systems Ltd, Chennai	1.70
			(4.00)

Figures in brackets are in respect of previous year.



14. Consolidated Cash Flow Statement for the year ended 31st March 2008

		Year ended 31.03.2008	(Rupees in lakhs) Year ended 31.03.2007
A CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax and extraordinary items		(3,900.74)	17,596.60
Adjustments for :			
Depreciation & Lease equalisation charges (net)		14,926.04	13,336.78
Profit / Loss on sale of fixed assets		(1,959.06)	(523.85)
Profit / Loss on sale of investments		(1,914.41)	(1,065.25)
Dividend received		(487.86)	(1,526.00)
Interest & Finance charges(net)		7,892.82	8,077.25
Operating profit before working capital changes	(a)	<u>14,556.79</u>	<u>35,895.53</u>
Adjustments for :			
Inventories		(2,919.75)	(7,193.79)
Sundry debtors		9,130.45	(8,940.12)
Other current assets		50.32	33.02
Loans & advances		(2,543.84)	(9,638.65)
Current liabilities		(6,770.12)	4,671.48
Provisions		(1,990.07)	1,015.21
Deferred revenue expenditure		(1,530.69)	3,596.87
Sub-total	(b)	<u>(6,573.70)</u>	<u>(16,455.98)</u>
Sub-total	(a) + (b) = (c)	7,983.09	19,439.55
Interest paid & Finance Charges		(9,802.94)	(9,941.27)
Direct taxes paid		(4,146.62)	(7,510.00)
Net cash from operating activities	(d)	<u>(5,966.47)</u>	<u>1,988.28</u>
B CASH FLOW FROM INVESTMENT ACTIVITIES			
Additions to fixed assets		(41,109.98)	(44,916.43)
Deletion to fixed assets (net)		16,909.43	2,058.19
Profit / Loss on sale of fixed assets		1,959.06	523.85
Redemption / (Purchase) of Investments		2,082.96	243.13
Profit on sale of investments		1,914.41	1,065.25
Interest received		1,910.12	1,864.02
Dividend received		487.86	1,526.00
Net cash used in investing activities	(e)	<u>(15,846.14)</u>	<u>(37,635.99)</u>

Cash Flow Statement (continued)

		Year ended 31.03.2008	Year ended 31.03.2007
			(Rupees in lakhs)
C CASH FLOW FROM FINANCING ACTIVITIES			
Transfers / cancellation consequent to de-merger to WABCO-TVS (India) Limited			
Share capital	(948.38)		
Cancellation of shares held in WABCO-TVS (India) Limited	(5.00)		
General reserves	(7,832.12)		
Profit and Loss Account	(3,435.13)		
Deferred tax liability	(139.66)		
		(12,360.29)	—
Long term borrowings		13,443.63	3,029.11
Short term borrowings		5,940.98	36,955.02
Dividend paid (including dividend tax)		(995.32)	(6,570.82)
Net cash from financing activities	(f)	<u>6,029.00</u>	<u>33,413.31</u>
D NET INCREASE IN CASH AND CASH EQUIVALENTS	(d) + (e) + (f)	(15,783.61)	(2,234.40)
Opening cash and cash equivalents as at 1st April 2007			
Cash and bank balances	20,044.71	19,888.29	
Cash credit utilisation	(12,840.76)	(10,449.94)	
		<u>7,203.95</u>	9,438.35
Closing cash and cash equivalents as at 31st March 2008			
Cash and bank balances	9,207.49	20,044.71	
Cash credit utilisation	(17,787.15)	(12,840.76)	
		<u>(8,579.66)</u>	7,203.95

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 Chartered Accountants
Chennai August 18, 2008	V N VENKATANATHAN <i>Executive Vice President-Finance & Secretary</i>		M BALASUBRAMANIAM <i>Partner</i>

Consolidated accounts of Sundaram-Clayton Limited and its subsidiaries

ANNEXURE TO CONSOLIDATED ACCOUNTS OF THE COMPANY AND ITS SUBSIDIARIES FURNISHED IN TERMS OF CENTRAL GOVERNMENT'S APPROVAL UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 VIDE ITS LETTER NO. 47/483/2008-CL-III DATED 22nd JULY, 2008

Reporting Currency	Name of subsidiaries															
	TVS Motor Company Ltd.	Sundaram Auto Components Ltd.	TVS Finance & Service Ltd.	TVS Electronics Ltd.	Anusha Investments Ltd.	TVS Investments Ltd.	TVS Motor Europe B.V.	TVS Motor (Singapore) Pte. Ltd.	PT TVS Motor Company Indonesia	Saravanan Properties Ltd.	Auto (India) Engineering Ltd.	TVS-E Access India Ltd.	TVS-E Service-tec Ltd.	Tumkur Property Holdings Ltd.	Prime Property Holdings Ltd.	TVS Capital Funds Ltd.
Reporting Currency	INR in Lakhs	INR in Lakhs	INR in Lakhs	INR in Lakhs	INR in Lakhs	INR in Lakhs	US Dollars in Millions	INR in Lakhs	Singapore Dollars in Millions	INR in Lakhs	Indonesia Rupiah in Millions	INR in Lakhs	INR in Lakhs	INR in Lakhs	INR in Lakhs	INR in Lakhs
Year ended 31.03.2008																
(a) Capital	2,375.44	370.00	11,171.08	1,767.28	500.00	2,718.83	27.01	9,163.00	17.16	4,686.00	307,784.00	13,334.00	5.00	5.00	5.00	230.00
(b) Reserves	79,783.00	1,705.26	(12,821.77)	3,296.06	3,114.10	688.94	(17.97)	(723.00)	(0.01)	(65.00)	(177,139.00)	(1,350.00)	(21.30)	(12.18)	(12.18)	(130.09)
(c) Total assets	215,680.00	11,999.99	48,138.98	13,615.22	4,765.82	15,401.21	24.64	14,852.00	17.15	4,631.00	522,669.00	25,456.00	4,542.82	1,826.05	4.76	1,234.54
(d) Total liabilities	215,680.00	11,999.99	48,133.98	13,615.22	4,765.82	15,401.21	24.64	14,852.00	17.15	4,631.00	522,669.00	25,456.00	4,542.82	1,826.05	4.76	1,234.54
(e) Details of investment (*)	9,595.59	13.85	177.37	615.73	1,654.58	1,787.00	-	-	-	-	-	-	-	-	-	-
(f) Turnover including other income	331,035.00	13,960.66	5,002.84	21,528.58	477.96	424.14	-	-	-	-	23,282.00	1,041.00	3.00	-	-	(1.26)
(g) Profit before taxation	3,537.00	(330.88)	(5,037.45)	1,490.34	383.39	(186.80)	(10.54)	(27.00)	(0.01)	(1.00)	(210,991.00)	(6,017.00)	(15.78)	(234.30)	(0.17)	(129.11)
(h) Provision for taxation	360.00	16.00	7.29	212.23	35.00	53.30	-	-	-	-	(62,136.00)	(2,778.00)	-	16.96	-	0.98
(i) Profit after taxation	3,177.00	(346.88)	(5,044.74)	1,278.11	348.39	(219.90)	(10.54)	(27.00)	(0.01)	(1.00)	(148,851.00)	(3,239.00)	(15.78)	(251.26)	(0.17)	(130.09)
(j) Proposed dividend	1,663.00	-	-	176.73	100.00	-	-	-	-	-	-	-	-	-	-	-

(*) except in case of investment in subsidiaries

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

Particulars	For Profit & Loss items at	
	For assets and liabilities at Closing exchange Rate	Daily Average Rate
US Dollar to INR	Rs. 40.13 per US Dollar	Rs. 40.29 per US Dollar
Indonesian Rupiah to INR	Rs. 0.0043 per Indonesian Rupiah	Rs. 0.0045 per Indonesian Rupiah
Singapore \$ to INR	Rs. 28.9070/Singapore \$	Rs. 27.3062/Singapore \$

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