

# *Sundaram-Clayton Limited*

*51st Annual Report 2013*

## Sundaram-Clayton Limited

### Board of Directors

venu srinivasan  
*Chairman & Managing Director*

K MAHESH

GOPAL SRINIVASAN

T K BALAJI

DR LAKSHMI VENU  
*Director - Strategy*

VICE ADMIRAL P J JACOB (Retd.)

SURESH KUMAR SHARMA

S SANTHANAKRISHNAN

V SUBRAMANIAN

SUDARSHAN VENU

R VIJAYARAGHAVAN

KAMLESH GANDHI

### Audit Committee

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

T K BALAJI

V SUBRAMANIAN

S SANTHANAKRISHNAN

### Investors' Grievance Committee

venu srinivasan

K MAHESH

T K BALAJI

### Executive Director

H LAKSHMANAN

### Group President & Chief Executive Officer - Automotive Products Division

C N PRASAD

### President - Die Casting Division

M MUTHURAJ

### Executive Vice President - Finance

V N VENKATANATHAN

### Company Secretary

R RAJA PRAKASH

### Bankers

STATE BANK OF INDIA  
Corporate Accounts Group Branch  
3<sup>rd</sup> Floor, Sigapi Achi Building  
18/3, Rukmini Lakshmi pathi Road  
Egmore, Chennai - 600 008.

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

### Auditors

SUNDARAM & SRINIVASAN  
Chartered Accountants, Chennai.

### Cost Auditor

A.N. Raman  
Cost Accountant, Chennai.

### Listing of shares with

Madras Stock Exchange Limited  
National Stock Exchange of India Limited  
BSE Limited

### Registered Office

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

### Share Transfer Department

"Jayalakshmi Estates", 1<sup>st</sup> Floor,  
No.29 (Old No.8), Haddows Road,  
Chennai - 600 006  
Tamil Nadu, India.  
Tel. : 044 - 2828 4959; 2827 2233  
Fax : 044 - 2825 7121  
E-mail : [kr.raman@scl.co.in](mailto:kr.raman@scl.co.in)  
[sclshares@gmail.com](mailto:sclshares@gmail.com)  
[investorscomplaintsstata@scl.co.in](mailto:investorscomplaintsstata@scl.co.in)  
[r.rajabprakash@scl.co.in](mailto:r.rajabprakash@scl.co.in)

### Factories

#### Padi

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

#### Mahindra World City

Plot No. AA8, Central Avenue  
Auto Ancilliary SEZ  
Kancheepuram - 603 002, Tamil Nadu, India.  
Tel. : 044 - 2746 0500  
Fax : 044 - 2746 0520

### Oragadam

Plot No.B-14, SIPCOT  
Industrial Growth Centre,  
Sriperumbudur Taluk,  
Kancheepuram District - 602 105  
Tamil Nadu, India.  
Tel. : 044 - 6710 3300

### Hosur

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

### Website

[www.sundaramclayton.com](http://www.sundaramclayton.com)

### Subsidiary Companies

TVS Motor Company Limited, Chennai  
TVS Motor Company (Europe) B.V., Amsterdam  
TVS Motor (Singapore) Pte Limited, Singapore  
PT.TVS Motor Company Indonesia, Jakarta  
Sundaram Auto Components Limited, Chennai  
TVS Housing Limited, Chennai  
TVS Energy Limited, Chennai  
TVS Wind Power Limited, Chennai  
TVS Wind Energy Limited, Chennai  
Sundaram Business Development Consulting  
(Shanghai) Co. Limited, Shanghai  
Sundaram-Clayton (USA) Limited, USA

| CONTENTS  | Page No. |
|---|----------|
| Financial Highlights  | 2        |
| Notice to the shareholders  | 3        |
| Directors' Report to the shareholders   | 7        |
| Report on Corporate Governance  | 14       |
| Auditors' Report to the shareholders  | 25       |
| Balance Sheet   | 28       |
| Statement of Profit and Loss  | 29       |
| Notes on accounts   | 30       |
| Accounting Standards and additional disclosures   | 40       |
| Cash Flow Statement   | 55       |
| Statement under Section 212 of the Companies Act, 1956                                    | 57       |
| Auditors' Report on Consolidated Accounts   | 59       |
| Consolidated Accounts   | 60       |
| Financial information of subsidiaries as per<br>Section 212(8) of the Companies Act, 1956 | 83       |

## Sundaram-Clayton Limited

### FINANCIAL HIGHLIGHTS INCLUDING SELECTED INDICATORS AND RATIOS

(Rupees in crores)

| Year ended                               | 2004         | 2005         | 2006         | 2007         | 2008               | 2009         | 2010                | 2011         | 2012                | 2013                |
|--|--------------|--------------|--------------|--------------|--------------------|--------------|---------------------|--------------|---------------------|---------------------|
| Sales                                    | 417.4        | 536.3        | 629.3        | 816.2        | 426.9              | 492.4        | 492.7               | 805.7        | 1017.0              | 1018.6              |
| Other income                             | 28.4         | 32.5         | 45.3         | 48.6         | 34.5               | 36.3         | 46.3                | 22.2         | 34.2                | 38.1                |
| Total                                    | 445.8        | 568.8        | 674.6        | 864.8        | 461.4              | 528.7        | 539.0               | 827.9        | 1051.2              | 1056.7              |
| Exceptional Income                       | -            | -            | -            | -            | -                  | -            | -                   | -            | 25.3                | -                   |
| <b>Total Income</b>                      | <b>445.8</b> | <b>568.8</b> | <b>674.6</b> | <b>864.8</b> | <b>461.4</b>       | <b>528.7</b> | <b>539.0</b>        | <b>827.9</b> | <b>1076.5</b>       | <b>1056.7</b>       |
| Gross profit before interest, depn & tax | 82.1         | 101.6        | 141.1        | 176.1        | 73.9               | 60.1         | 71.8                | 107.8        | 166.7               | 127.9               |
| Depreciation                             | 15.3         | 21.4         | 26.9         | 32.8         | 27.7               | 31.0         | 37.6                | 40.8         | 47.3                | 51.3                |
| Profit before interest & tax             | 66.9         | 80.2         | 113.2        | 143.3        | 46.2               | 29.1         | 34.2                | 67.0         | 119.4               | 76.6                |
| Interest                                 | 0.5          | 3.8          | 7.9          | 15.2         | 10.8               | 22.1         | 20.5                | 21.7         | 38.4                | 44.3                |
| Profit before taxation                   | 65.4         | 76.3         | 105.3        | 128.1        | 35.4               | 7.0          | 13.7                | 45.3         | 81.0                | 32.3                |
| Profit after taxation                    | 46.0         | 53.4         | 74.9         | 91.6         | 23.9               | 6.3          | 12.4                | 37.3         | 72.3                | 35.4 <sup>(a)</sup> |
| Net Fixed assets                         | 183.8        | 275.1        | 302.5        | 326.4        | 240.2              | 304.3        | 307.4               | 366.1        | 395.0               | 408.8               |
| Net current assets                       | 23.4         | 30.4         | 77.0         | 170.6        | 213.7              | 219.0        | 172.6               | 212.6        | 230.0               | 248.6               |
| Share capital                            | 18.9         | 18.9         | 18.9         | 18.9         | 9.5 <sup>(b)</sup> | 9.5          | 18.9 <sup>(c)</sup> | 18.9         | 9.5 <sup>(d)</sup>  | 9.5                 |
| Reserves & surplus                       | 187.1        | 221.1        | 270.5        | 325.2        | 226.6              | 221.9        | 225.4               | 241.3        | 273.0               | 282.6               |
| Net worth                                | 206.0        | 240.0        | 289.4        | 344.1        | 236.1              | 231.4        | 244.3               | 260.2        | 282.5               | 292.1               |
| Loan funds                               | 44.8         | 109.2        | 146.1        | 215.8        | 267.4              | 339.3        | 288.7               | 359.5        | 389.7               | 414.3               |
| Deferred taxation (net)                  | 11.3         | 13.4         | 15.4         | 19.4         | 19.8               | 19.9         | 20.3                | 21.7         | 20.0                | 16.9                |
| EPS (Rs)                                 | 24.25        | 28.08        | 39.26        | 48.06        | 12.61              | 3.34         | 3.26                | 9.82         | 30.13               | 18.67               |
| DPS (Rs)                                 | 8.00         | 9.00         | 12.00        | 17.0         | 8.75               | 2.00         | 1.75                | 5.75         | 11.5                | 14.0                |
| Book value per share (Rs)                | 108.63       | 126.53       | 152.57       | 181.41       | 127.48             | 122.00       | 64.41               | 68.60        | 148.93              | 153.98              |
| Return on capital employed (ROCE) %      | 29.2         | 25.7         | 28.1         | 27.8         | 8.4                | 5.2          | 6.0                 | 11.2         | 17.9                | 10.8                |
| Return on net worth (RONW) %             | 24.0         | 23.9         | 28.3         | 28.9         | 8.2                | 2.7          | 5.2                 | 14.8         | 26.6                | 12.3                |
| Fixed assets turnover (no of times)      | 2.7          | 2.3          | 2.2          | 2.6          | 1.5                | 1.8          | 1.6                 | 2.4          | 2.7                 | 2.5                 |
| Working capital turnover (no of times)   | 16.2         | 20.0         | 11.7         | 6.6          | 2.2                | 2.3          | 2.5                 | 4.2          | 4.6                 | 4.3                 |
| Gross profit as % of sales (EBITDA)      | 19.7         | 18.9         | 22.4         | 21.6         | 17.3               | 12.2         | 14.6                | 13.4         | 13.9 <sup>(#)</sup> | 12.6                |
| Gross profit as % of total income        | 18.4         | 17.9         | 20.9         | 20.4         | 16.0               | 11.4         | 13.3                | 13.0         | 13.4 <sup>(#)</sup> | 12.1                |
| Net profit as % of total income          | 10.3         | 9.4          | 11.1         | 10.6         | 5.2                | 1.2          | 2.3                 | 4.5          | 4.5 <sup>(#)</sup>  | 3.4                 |

ROCE is profit before interest and taxation divided by average of 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.

(a) Profit after tax is after considering deferred tax asset of Rs.3.1 crores.

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

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

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

(#) Profitability ratios of 2011-12 are calculated without considering the exceptional income of Rs.25.3 crores.

Notes:

- 2011-12 financials have been prepared giving effect to composite scheme of arrangement between Sundaram-Clayton Limited (SCL), Anusha Investments Limited (AIL) and Sundaram Investment Limited (SIL) as approved by the Hon'ble High Court of Judicature at Madras. Hence, the figures of 2011-12 are not comparable with that of the previous years.
- The figures from 2010-11 are based on the Revised Schedule VI classifications. The figures upto 2009-10 are based on the respective year's reported results.

## Notice to the Shareholders

NOTICE is hereby given that the fifty first annual general meeting of the Company will be held at 'The Music Academy' New No. 168 (Old No. 306), TTK Road, Royapettah, Chennai 600 014 on Tuesday, the 27<sup>th</sup> day of August 2013 at 10.35 a.m. to transact the following business:

### ORDINARY BUSINESS

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

RESOLVED THAT the audited balance sheet as at 31<sup>st</sup> March 2013, the statement of profit and loss and cash flow statement for the year ended on that date, together with the directors' report and the auditors' report thereon as presented to the meeting, be and the same are hereby, approved and adopted.

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

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

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

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

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

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

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

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

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

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

### SPECIAL BUSINESS

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

"RESOLVED THAT, pursuant to the provisions of Section 314 and other applicable provisions, if any of the Companies Act, 1956 ("the Act") (including any statutory modifications or re-enactment thereof for the time being in force), consent be and is hereby accorded to

Captain N S Mohan Ram, a relative of Mr T K Balaji, director of the Company, for holding and continuing to hold an office of profit as a consultant in TVS Motor Company Limited (TVSM), a subsidiary of the Company, effective 1<sup>st</sup> April 2013 on a consolidated salary of Rs. 2,00,000/- per month together with perquisites on such terms and conditions as agreed to between him and the subsidiary."

"RESOLVED FURTHER THAT the Board, be and is hereby authorized to do all such acts, deeds and things as may be required to give effect to the aforesaid resolution."

By order of the board

Chennai  
8<sup>th</sup> May 2013

R Raja Prakash  
Company Secretary

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

### Notes:

- 1) **A member, entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy or proxies so appointed need not be a member or members, as the case may be, of the Company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority shall be deposited at the registered office of the Company, not later than 48 hours before the time fixed for holding the meeting.**
- 2) The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 (the Act) in respect of the special business as set out in the notice is annexed hereto.
- 3) The register of members and the share transfer register will remain closed for a period of five days from 23<sup>rd</sup> August 2013 to 27<sup>th</sup> August 2013, for the purpose of annual general meeting of the Company.
- 4) In terms of Section 205A read with Section 205C of the Act, the dividends declared by the Company, which remain unclaimed for a period of seven years will be transferred on due dates to the Investor Education and Protection Fund (IEPF), established by the Central Government. The particulars of due dates for transfer of such unclaimed dividends to IEPF are furnished in the report on corporate governance, forming part of the annual report.  
Members who have not encashed their dividend warrants in respect of the above period are requested to make their claim(s) by surrendering the unencashed warrants immediately to the Company.  
Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with companies) Rules 2012, the Company shall provide / host the required details of unclaimed amounts referred to under Section 205C(2) of the Act on its website and also in the website of the Ministry of Corporate Affairs (MCA) in the relevant form every year.
- 5) Members holding shares in physical form, in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding / trading.

## Sundaram-Clayton Limited

- 6) Members are requested to notify any change in their address to the Company immediately. Members holding shares in electronic form are requested to advise change of address to their depository participants.
- 7) As a measure of economy, copies of the annual report will not be distributed at the annual general meeting. Members are, therefore, requested to bring their copies of the annual report to the meeting.
- 8) Members are requested to affix their signature at the space provided on the attendance slip annexed to proxy form and hand over the slip at the entrance of the meeting hall. Corporate members are requested to send a duly certified copy of the board resolution / power of attorney authorizing their representative to attend and vote at the annual general meeting.
- 9) In terms of clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief profile 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, their shareholdings and relationships with other directors in the Company are given below:

### I. Mr Gopal Srinivasan

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

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

He was the Chairman of the "Confederation of Indian Industry (CII)" Tamil Nadu State Council for the fiscal year 2007-08. He was also the Chairman of CII National Committee for Private Equity & Venture Capital for the fiscal year 2010-11. He has also served on various leadership roles in several business associations.

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

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

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

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

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

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

| S. No. | Name of the Company                             | Position held                  | Committee memberships                            |
|--------|---|--------------------------------|--|
| 1.     | TVS Investments Limited                         | Chairman and Managing Director | Member - Audit Committee                         |
| 2.     | TVS Capital Funds Limited                       | Chairman and Managing Director |  |
| 3.     | Harita Academy Limited                          | Chairman                       |  |
| 4.     | Harita Techserv Limited                         | Chairman                       |  |
| 5.     | TVS Electronics Limited                         | Chairman                       | Member - Remuneration and Compensation Committee |
| 6.     | TVS-E Servicetec Limited                        | Chairman                       |  |
| 7.     | T V Sundram Iyengar & Sons Limited              | Director                       |  |
| 8.     | TVS Logistics Services Limited                  | Director                       |  |
| 9.     | Sundaram Investment Limited                     | Chairman                       |  |
| 10.    | Sundaram Industries Limited                     | Director                       |  |
| 11.    | Sundaram Engineering Products Services Limited  | Director                       |  |
| 12.    | Lucas-TVS Limited                               | Director                       |  |
| 13.    | Dunar Foods Limited                             | Director                       |  |
| 14.    | Landmark Limited (Part IX)                      | Director                       |  |
| 15.    | Harita Electronics Private Limited              | Director                       |  |
| 16.    | Cross Creek Channel Investment Advisors Pvt Ltd | Director                       |  |
| 17.    | Nextwealth Entrepreneurs Private Limited        | Director                       |  |
| 18.    | Indian Cookery Private Limited                  | Director                       |  |
| 19.    | Mosaic Media Ventures Private Limited           | Director                       |  |

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

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

## Sundaram-Clayton Limited

held a diplomatic assignment as the naval attache in Tehran during a very turbulent period in that country's history.

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

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

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

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

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

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

He holds the position as director in Dua Consulting Private Limited. He does not hold any position as a member of any committee of directors of any other company.

### III. Mr S Santhanakrishnan

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

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

After retirement from SBI, he was selected to head the then fledgling Credit Information Bureau Of India (CIBIL), a Company that was promoted thanks to the Reserve Bank of India's initiative and by all commercial banks (including all foreign banks and leading private banks) and Sundaram Finance Limited. During his three year tenure as its Executive Chairman, he had the privilege of participating in

the evolution of the company as an important credit reference agency and shaped it to be commercially very successful. He is still associated with this agency as an Advisor.

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

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

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

| S. No. | Name of the Company                      | Nature of Interest | Committee memberships    |
|--------|--|--------------------|--------------------------|
| 1.     | Easy Access Financial Services Limited   | Director           |                          |
| 2.     | ICICI Home Finance Company Limited       | Director           |                          |
| 3.     | Reliance Capital Trustee Company Limited | Director           |                          |
| 4.     | TVS Credit Services Limited              | Director           | Member - Audit Committee |
| 5.     | Axiom Cordages Limited                   | Director           |                          |

### IV. Mr Suresh Kumar Sharma

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

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

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

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

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

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

He holds the position as director in Sharma Transports India Private Limited. He does not hold any position as a member of any committee of directors of any other company.

## Sundaram-Clayton Limited

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

The following explanatory statement sets out all material facts relating to the special business mentioned in the accompanying notice dated 8<sup>th</sup> May 2013 and shall be taken as forming part of the notice.

#### Item No. 7

Captain N S Mohan Ram, a relative of director of the Company, namely Mr T K Balaji, was appointed as a consultant in TVS Motor Company Limited (TVSM), a subsidiary of the Company on 1<sup>st</sup> April 2013 on a consolidated salary of Rs. 2,00,000/- per month together with perquisites on such terms and conditions as agreed to between him and the subsidiary.

Captain N S Mohan Ram was engaged as a consultant by the subsidiary, after taking into account his academic and professional background and experience over a career spanning over fifty years. He is a graduate in Naval Architecture from IIT Kharagpur and also holds an MBA from the faculty of management studies.

He designed warships for The Indian Navy and Coast Guard. His expertise includes turnaround management and new development programme. He is an R&D specialist making a successful transition to excel in general management and is currently active on the issue of recycling automobiles at the end of useful life. He also served the subsidiary as President during 1989 to 1995 and made significant contributions to the growth of the subsidiary during the period.

Being a relative of the director of the holding company, Captain N S Mohan Ram's appointment in the subsidiary may amount to holding an office of profit in terms of the provisions of Section 314 of the Companies Act, 1956, even though he is not related to any of the directors of the subsidiary.

In terms of the said section, his appointment needs to be approved by means of a special resolution passed by the shareholders of the holding company at the general meeting that is held for the first time after the said appointment, since the amount of remuneration payable to him exceeds Rs.50,000/- per month.

The directors, therefore, recommend the said resolution to be approved as a special resolution by the shareholders of the Company as set out in Item No. 7 of this notice.

None of the directors of the Company except Mr T K Balaji, director, being the relative of Captain N S Mohan Ram, is deemed to be concerned or interested in the resolution.

#### Inspection of documents :

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

By order of the board

Chennai  
8<sup>th</sup> May 2013

R Raja Prakash  
Company Secretary

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

## Sundaram-Clayton Limited

### Directors' report to the shareholders

The directors have pleasure in presenting the fifty first annual report and the audited accounts for the year ended 31<sup>st</sup> March 2013.

#### 1. FINANCIAL HIGHLIGHTS

| Details                                     | (Rupees in Crores)       |                          |
|---|--------------------------|--------------------------|
|   | Year ended<br>31.03.2013 | Year ended<br>31.03.2012 |
| Sales and other income                      | 1,056.68                 | 1,051.23                 |
| Profit before finance cost and depreciation | 127.87                   | 141.34                   |
| Less: Finance Cost                          | 44.32                    | 38.42                    |
| Depreciation                                | 51.25                    | 47.34                    |
| Profit after finance cost and depreciation  | 32.30                    | 55.58                    |
| Add : Exceptional Item (Income)             | –                        | 25.34                    |
| Profit before tax                           | 32.30                    | 80.92                    |
| Less: Provision for :                       |                          |                          |
| Income tax                                  | –                        | 10.35                    |
| Deferred tax                                | (3.12)                   | (1.72)                   |
| Profit after tax                            | 35.42                    | 72.29                    |
| Surplus brought forward from previous year  | 63.16                    | 26.84                    |
| <b>Total</b>                                | <b>98.58</b>             | <b>99.13</b>             |
| Appropriations:                             |                          |                          |
| First interim dividend paid                 | 17.07                    | –                        |
| Second interim dividend payable             | 9.48                     | –                        |
| Interim dividend payable                    | –                        | 21.81                    |
| Dividend tax payable                        | –                        | 3.54                     |
| Tax relating to earlier years               | –                        | 3.39                     |
| Transfer to general reserve                 | 3.54                     | 7.23                     |
| Balance carried to Balance Sheet            | 68.49                    | 63.16                    |
| <b>Total</b>                                | <b>98.58</b>             | <b>99.13</b>             |

#### 2. DIVIDEND

The board of directors of the Company (the board) at their meeting held on 8<sup>th</sup> February 2013, declared an interim dividend of Rs.9.00 per share (180%) absorbing a sum of Rs.17.07 Cr for the year 2012-13 and the same was paid to the shareholders on 19<sup>th</sup> February 2013.

The board, at its meeting held on 8<sup>th</sup> May 2013, declared a second interim dividend of Rs. 5/- per share (100%) for the year 2012-13 absorbing a sum of Rs. 9.48 Cr including dividend distribution tax. The same will be paid to the shareholders on 17<sup>th</sup> May 2013. Hence, the total amount of dividend including the second interim dividend payable, for the year ended 31<sup>st</sup> March 2013 will aggregate to Rs.14/- per share (280%) on 1,89,67,584 equity shares of Rs. 5/- each.

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

#### 3. INSTITUTIONAL PLACEMENT PROGRAMME (IPP)

During the year, the board, at its meeting held on 8<sup>th</sup> February, 2013 approved a proposal, subject to the approval of the shareholders in

terms of Section 81(1A) of the Companies Act, 1956, (the Act), for additional issue and allotment of 12,64,501 New Equity Shares of Rs.5/- each, at a price to be determined at a later stage, by offering the said New Equity Shares to Qualified Institutional Buyers (QIBs), as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations"), as amended, pursuant to an Institutional Placement Programme (IPP) in accordance with Chapter VIII-A of the ICDR Regulations.

The objective of the proposal was to facilitate (a) increasing the minimum public shareholding of the Company to 25 per cent, in the manner prescribed by the Securities and Exchange Board of India (SEBI) and also (b) raising the additional capital to partially meet the funding requirements of the Company.

The proposal was approved by the shareholders, by way of a special resolution, in terms of Section 81(1A) of the Act, through postal ballot process on 20<sup>th</sup> March 2013.

As authorized by the shareholders, the board constituted an IPP committee of directors for taking all such steps for determining the terms and conditions for the offer and issue of the aforesaid New Equity Shares to QIBs, in consultation with lead managers, advisors, underwriters and such other intermediaries and authorities, as may be required, after due consideration of the prevailing market conditions and other relevant factors.

This proposal will also ensure that the Company complies with the requirement of achieving minimum public shareholding of atleast 25% in terms of Securities Contracts (Regulation) Rules, 1957 and Clause 40A of the Listing Agreement.

#### 4. PERFORMANCE

The year 2012 witnessed a downward trend in economic developments in the country, influenced by the negative sentiment in macro-economic scenario across overseas and domestic markets. The slowdown that commenced in 2011 continued through 2012 and is expected to prevail over the current year as well.

During the year 2012-13, the GDP is likely to register a growth rate of only 5% as against 6.5% achieved in 2011-12. This growth rate is significantly lower than the estimates at the beginning of the year.

During 2012, GDP in US grew by 2.2% as against 1.47% in 2011. (Source: BEA). GDP growth in the European Union was flat in 2012 compared to 1.5% in 2011 (Source: Eurostat / IMF).

In this background, North American class 8 truck segment witnessed a growth of 9% (Source ACT), while, the sale of European medium and heavy trucks suffered decline of 10% (Source ACEA).

The following table highlights the performance of the Company during 2012-13:

| Particulars                 | 2011-12 | 2012-13 | Variance<br>(in %) |
|-----------------------------|---------|---------|--------------------|
| Sales (Tonnage)             | 36488   | 35625   | -2.4               |
| Sale of goods (Rs. Cr.)     | 972.91  | 974.72  | 0.2                |
| Domestic sales (Rs. Cr.)    | 559.64  | 517.84  | -7.5               |
| Export sales (Rs. Cr.)      | 413.27  | 456.88  | 10.5               |
| Profit before Tax (Rs. Cr.) | 80.92*  | 32.30   | –                  |

\* includes exceptional income and figures of Anusha Investments Limited consequent upon amalgamation and demerger of non-automotive business to Sundaram Investment Limited.



## 5. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### I. Industry Structure and Development:

#### Domestic

FY 2012-13 saw Indian Economy going through a difficult phase characterised by subdued industrial activity, higher interest rates, global economic slowdown, volatility in currency and crude oil prices. India's GDP growth declined to a decade low of 5% in FY 2012-13 (CSO Advanced Estimates). Average WPI inflation for 2012-13 stood at 7.6%, slightly lower than 8.9% inflation recorded in 2011-12. On the other hand, CPI inflation increased to 10% from the previous year level of 8.4%.

Indian currency was adversely affected by volatile crude oil prices, lower net capital inflows and lower export growth in the first three quarters of the FY 2012-13. The global crude oil prices remained between US\$85 per barrel and US\$100 per barrel for large part of the year.

Availability of power has been a major concern throughout the year 2012-13.

The unfavorable macroeconomic conditions and higher interest rates had a deep impact on the growth of the automotive industry. Further, delayed monsoon and increases in fuel prices adversely impacted the growth of vehicles sales. With the above background, Indian auto industry grew at a dismal rate of 1.2% in FY 2012-13, with 24% decline in M & HCVs and a meagre 3.2% growth in Passenger Vehicles.

| Category                                       | FY 2012-13<br>Nos. | FY 2011-12<br>Nos. | Variance<br>in % |
|--|--------------------|--------------------|------------------|
| Medium and Heavy Commercial Vehicles (M & HCV) | 2,87,282           | 3,77,711           | -24              |
| Light Commercial Vehicles (LCV)                | 5,85,812           | 5,24,056           | 12               |
| Buses - M & HCV                                | 53,663             | 59,091             | -9               |
| Passenger Vehicles                             | 32,41,115          | 31,38,622          | 3                |
| Two wheelers                                   | 1,57,58,689        | 1,53,84,261        | 2                |

*(Source: SIAM)*

#### Exports

Though the US economy witnessed a growth of 2.2% in 2012, the Eurozone financial crisis deepened over the last one year with the contagion spreading to multiple countries across Europe. Credit availability remained low and the overall customer sentiments were negative.

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

| Market        | Category              | 2012     | 2011     | Variance<br>(in %) |
|---------------|-----------------------|----------|----------|--------------------|
| North America | Class 8 Trucks        | 2,78,720 | 2,55,261 | 9                  |
| North America | Class 5-7 Trucks      | 1,88,449 | 1,66,792 | 13                 |
| Europe        | Medium & Heavy trucks | 2,14,207 | 2,36,064 | -9                 |

*(Source: ACT & ACEA)*

### II. Business outlook and overview

Going forward, growth is expected to remain sluggish in 2013-14 unless substantive policy measures are undertaken to boost investment sentiments.

The major concerns would be non-availability of power, high inflation, high current account and fiscal deficit.

In view of the weakness in inflow of foreign direct investment and deteriorating macro economic conditions, the rupee is expected to depreciate and likely to remain above Rs.54 per dollar during 2013 -14.

Implementation of key structural reforms with emphasis on growth could revive the economy and provide the industries with the much-needed stimulus for growth.

As regards exports, the Company expects the overall demand in NAFTA region to remain stagnant based on current indications. Recovery is expected after Q3 of 2013. The Southern Europe continues to be under recession. However, the Euro 6 standard norms becoming mandatory from January 2014, it is likely to induce pre-buy effect that may have a positive impact on our sales in the EU.

### III. Opportunities & Threats

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

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

In view of stringent emission norms, more and more global customers are going for light weight metals resulting in increasing use of aluminium. This factor provides growth opportunities, since the Company is already a preferred source for aluminium castings to major customers in India and abroad.

The Company has developed magnesium die castings and has carried out tests and trials. The trials are encouraging. Magnesium being lighter in weight than aluminium, is expected to find several applications for light-weighting in the years to come.

Our country is emerging as one of the major manufacturing hubs because of availability of well-educated and skilled workforce and good supplier base. The Company is well placed to leverage the above and continue pursuing international business opportunities.

However, many Indian die casting companies and OEMs are either setting up new capacities or expanding existing capacities resulting in increased competition.

Continued pricing pressure from customers will have its impact on the margins.

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

### IV. Risks and concerns

#### Economy

Global economy showed no signs of recovery during 2012-13 and the growth rate may continue to remain uncertain due to volatile crude and

commodity prices and fluctuations in foreign exchange rates. In domestic economy, continued inflationary pressures, lower private consumption and high interest rates are likely to affect the GDP growth rate.

Failure of monsoon would trigger further inflation and increase of interest rates. Hardening of interest rates and fuel prices will have adverse impact on sales of the automobiles in domestic industry. It will have negative impact on margins of the Company owing to volume reduction and increased interest and energy cost.

### Industry specific

The Company caters to the requirements of the automotive industry. The revenue of the Company is derived from M & HCVs (50%), followed by Car Industry (30%) and two wheeler industry (20%).

The Indian commercial vehicle industry has strong correlation with the agricultural growth and the mining industry and is cyclical. Presence in all the major segments of automotive industry will largely mitigate the segment-specific risks.

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

The shortfall in the supply of power from the Government had forced the Company to resort to captive power generation using diesel generators and purchase of power from third parties at higher rates. The Government had also come out with additional surcharge towards Renewable Power Obligation and Solar Power Obligation that has added to the overall power cost. The power situation remains a concern with no major power generation capacity getting added to the system. This is likely to have an impact by way of higher costs and lower margins. However, the Company has made arrangements for ensuring the availability of captive power.

### Sourcing

While the Company continues to pursue cost reduction initiatives, increase in price of input materials could impact the Company's profitability to the extent that the same are not compensated by customers. However, no shortage of aluminium is expected.

### Forex

With significant exports & foreign currency liabilities, the Company is always exposed to global currency fluctuations. However, the Company has a well-defined forex hedging policy to mitigate the risks.

### Contractual

The stipulation and requirements of the automobile industry demands high quality products. Quality is, therefore, key and monitored closely. Although every reasonable precaution is taken, in rare cases, defects that escape may lead to incurring expenses for rework / product recall. Appropriate recall and product liability insurance in line with standard industry practice have been taken to minimize the risks. Just-in-time delivery is another important contractual obligation. Robust quality and project management systems are in place to avoid delay in deliveries due to quality issues or project implementation for minimizing risks.

### Capacity utilization

The Company continuously steps up capacities to meet the projected demand of customers. The capacity utilization will be adversely affected

if the programs of the customers are delayed or postponed or not in line with the projected demands. The Company closely monitors the progress of customer projects/volumes to minimize the risk of under-utilization of capacities.

### V. Internal control system and their adequacy

The Company has effective and adequate internal control systems covering all areas of operations. The internal control system provides for well documented policies / guidelines, authorisations and approval procedures. The internal control system stipulates a reasonable assurance with regard to maintaining of proper accounting controls, protecting assets from unapproved use and compliance of statutes.

The Company, through its own Internal Audit Department, carries out periodic audits at all locations and functions based on the plan approved by the Audit Committee of directors. The observations, arising out of audit, are periodically reviewed and compliance ensured. The summary of the Internal Audit observations and the status on implementation of corrective actions are reported to the Audit Committee of directors for their review.

### VI. Operations review

#### A. Manufacturing

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

Continuous improvement projects are implemented to improve manufacturing quality and productivity in all the manufacturing locations. The Company's journey of achieving manufacturing excellence was recognized and rewarded by the following agencies / customers during 2012-13.

- Honda - Value engineering efforts (April 2012)
- Cummins - Best continuous improvement (July 2012)
- Tata Motors Limited - Delivery award (July 2012)
- Delphi-TVS - Award for excellence in delivery (January 2013)
- Hyundai Motor India Limited - Best cooperative supplier (March 2013)

#### B. Quality

Achieving customer delight by consistently providing products of excellent quality is the prime motto of the Company. This is achieved through state of art technology, training, effective quality system, continuous improvement and total employee involvement. Poka-yokes, process audits, utilization of statistical tools for process optimization and online process controls also contribute towards improving and achieving consistency in product quality. The quality system is certified for ISO/ TS 16949 requirements.

TQM is a way of life in the Company. 100% employee involvement has been successfully achieved for the 13<sup>th</sup> consecutive year.

Employees have completed 328 projects by applying statistical tools through Quality Control Circles (QCC) in 2012-13. The average number of suggestions implemented per employee in 2012-13 was 44.

## Sundaram-Clayton Limited

### C. Cost management

The Company continues its rigorous focus on its costs through an effective cost management system. A full time task force is working on projects focused on reducing process scrap and operational efficiency. TPM initiatives are deployed company-wide to achieve reduction in manufacturing cost.

### D. Information Technology

The Company uses ERP system (SAP) that integrates all business processes across the Company. Suppliers and customers are also integrated into the system for better planning and execution. In the area of New Product Development, simulation software is used to lower costs by systematic reduction and elimination of costly casting trials and tooling modifications prior to production and thereby reducing the overall development lead time. During the year, several dashboards were deployed to improve the productivity, quality and reduce the cost of operations. Initiatives have also been taken to implement a Knowledge Management system to store, organize and disseminate good practices for standardization and help in innovation. Projects were also implemented to further enhance the Information Security.

### VII. Human Resource Development

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

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

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

Executives are sponsored to overseas and inland universities for developing their competencies to handle new technologies and modern management practices. Customised management development

### X. Financial / Operational performance

The financial and operational performance for the year 2012-2013 as compared to the previous year is furnished in the following table.

| Particulars   | Year ended 31 <sup>st</sup> March 2013 |               | Year ended 31 <sup>st</sup> March 2012 |               |
|---|--|---------------|--|---------------|
|   | Rs. in Crores                          | %             | Rs. in Crores                          | %             |
| Sales   | 1018.56                                | 96.39         | 1017.00                                | 96.74         |
| Other income  | 38.12                                  | 3.61          | 34.23                                  | 3.26          |
| <b>Total Revenue</b>  | <b>1056.68</b>                         | <b>100.00</b> | <b>1051.23</b>                         | <b>100.00</b> |
| Cost of materials consumed  | 525.07                                 | 49.69         | 549.27                                 | 52.25         |
| Change in inventories of finished goods, work-in-process and stock-in-trade | (7.15)                                 | (0.68)        | (13.15)                                | (1.25)        |
| Employee benefit expense  | 133.23                                 | 12.61         | 119.43                                 | 11.36         |
| Stores and tools consumed   | 74.31                                  | 7.03          | 79.02                                  | 7.52          |
| Power and fuel  | 59.02                                  | 5.59          | 41.32                                  | 3.93          |
| Repairs and maintenance   | 29.01                                  | 2.75          | 25.43                                  | 2.42          |
| Other expenses  | 115.32                                 | 10.91         | 108.57                                 | 10.33         |
| Finance Costs   | 44.32                                  | 4.19          | 38.42                                  | 3.65          |
| Depreciation  | 51.25                                  | 4.85          | 47.34                                  | 4.50          |
| <b>Total Expenditure</b>  | <b>1024.38</b>                         | <b>96.94</b>  | <b>995.65</b>                          | <b>94.71</b>  |

programs have been developed with reputed educational institutions to hone the leadership skills of the senior executives.

An excellent industrial relations environment continued to prevail at all the manufacturing units of the Company during the year.

As of 31<sup>st</sup> March 2013, the Company had 3760 employees on its rolls.

### VIII. Environment & Safety

The Company is fully committed to the ultimate goal of employee safety. Safety management is integrated with the overall Environment, Health and Safety (EHS).

The Company has been certified under Integrated Management System (IMS) combining ISO 14000 and OHSAS 18001 systems and procedures.

### IX. Community development and social responsibility

Srinivasan Services Trust (SST), co-sponsored by the Company with the vision of building self-reliant rural community, was established in 1996. Over 17 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

At present, SST is working in 1,124 villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh and Andhra Pradesh. Its major focus areas are: Economic development, Health, Education, Environment and Infrastructure. Its significant achievements are:

- Through partnership with the community helped to form over 3,744 Self Help Groups (SHG)
- 100% enrolment of children in schools and over 48,237 adult women made literate.
- Proper solid and liquid waste management practices adopted in 1,068 villages.
- Over 1,75,205 hectare of degraded forests reforested and 10,766 hectare of dry lands covered by watershed development activities.
- Over 57,010 families have taken up income generation activities. They earn an additional income from Rs. 2,500/- to Rs. 5,000/- per month.
- SHG members have a group savings of Rs.16.57 Cr
- Over 1,05,099 of the families living in these villages have a monthly income around Rs.12,000/- per family.

## Sundaram-Clayton Limited

| Particulars                             | Year ended 31 <sup>st</sup> March 2013 |        | Year ended 31 <sup>st</sup> March 2012 |        |
|---|--|--------|--|--------|
|   | Rs. in Crores                          | %      | Rs. in Crores                          | %      |
| Profit before exceptional items and tax | 32.30                                  | 3.06   | 55.58                                  | 5.29   |
| Exceptional Item - (Income)             | –                                      | –      | 25.34                                  | 2.41   |
| Profit before tax                       | 32.30                                  | 3.06   | 80.92                                  | 7.70   |
| Provision for taxation                  |  |        |  |        |
| Income tax                              | –                                      | –      | 10.35                                  | 0.98   |
| Deferred tax                            | (3.12)                                 | (0.30) | (1.72)                                 | (0.16) |
| Profit after tax                        | 35.42                                  | 3.36   | 72.29                                  | 6.88   |

### XI Cautionary statement

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

### 6. SUBSIDIARY COMPANIES

As on date of this report, the following are the subsidiaries of the Company:

| Name of the Company   | Subsidiary of                      |
|---|------------------------------------|
| TVS Motor Company Limited<br>Sundaram-Clayton (USA) Limited   | Sundaram-Clayton Limited           |
| Sundaram Auto Components Limited<br>TVS Energy Limited<br>TVS Housing Limited<br>TVS Motor Company (Europe) B.V.<br>TVS Motor (Singapore) Pte. Limited<br>Sundaram Business Development Consulting (Shanghai) Company Limited | TVS Motor Company Limited          |
| PT. TVS Motor Company Indonesia   | TVS Motor (Singapore) Pte. Limited |
| TVS Wind Energy Limited<br>TVS Wind Power Limited   | TVS Energy Limited                 |

### 7. CONSOLIDATED ACCOUNTS

As required under the Listing Agreement with the Stock Exchanges, the consolidated financial statements of the Company are attached.

The Ministry of Corporate Affairs (MCA) vide its circular No. 2 in file No. 51/12/2007-CL-III dated 8<sup>th</sup> February 2011 has granted general exemption from attaching annual reports of subsidiaries along with the annual report of the holding companies without seeking any approval of the Central Government, subject to fulfillment of the conditions laid down therein.

The board, at its meeting held on 8<sup>th</sup> May 2013, passed necessary resolution for complying with all the conditions enabling the circulation

of annual report of the Company without attaching all the documents referred to in Section 212(1) of the Companies Act, 1956 (the Act) of the subsidiary companies to the shareholders of the Company.

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

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

A statement referred to in clause (e) of sub-section 1 of Section 212 of the Act disclosing the Company's interest in subsidiaries and other information as required, is attached.

### 8. DIRECTORS

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

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

During the year, Mr Sudarshan Venu, director of the Company was also appointed as director in the rank of whole-time director, in TVS Motor Company Limited, the subsidiary company, effective 1<sup>st</sup> February 2013, subject to the terms and conditions, as approved by the shareholders of the subsidiary company, through postal ballot process on 18<sup>th</sup> March 2013 in accordance with the applicable provisions of the Act.

### 9. AUDITORS

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

## Sundaram-Clayton Limited

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

### 10. COST AUDITOR

In terms of the Companies (Cost Accounting) Records Rules, 2011, the Company had filed the Cost Compliance Report for the financial year 2011-12 with the Ministry of Corporate Affairs (MCA) in XBRL format.

Consequent to the MCA's industry specific Cost Audit Order No. 52/26/CAB-2010 dated 24<sup>th</sup> January 2012, the Company appointed Mr A N Raman, a practicing cost accountant, as Cost Auditor for auditing the cost accounting information for the financial year 2012-13 and a report in this regard will be filed with the Central Government within the stipulated time. The Central Government has approved the appointment of Mr A N Raman as Cost Auditor for the said financial year.

The board, at its meeting held on 8<sup>th</sup> May 2013, re-appointed Mr A N Raman as Cost Auditor of the Company for the financial year 2013-14, subject to approval of the Central Government. The Company has received a letter from the cost auditor, stating that the appointment, if made, will be within the prescribed limit under Section 224(1B) of the Act.

### 11. CORPORATE GOVERNANCE

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

A separate section on corporate governance and a certificate from the statutory auditors of the Company regarding compliance of conditions of corporate governance, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges form part of the Annual Report.

The chairman and 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 31<sup>st</sup> March 2013.

### 12. STATUTORY STATEMENTS

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

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

#### Particulars of employees

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

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

#### Public Deposits

The Company has not accepted any deposit from the public within the meaning of Section 58A of the Act for the year ended 31<sup>st</sup> March 2013.

#### Directors' Responsibility Statement

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

- (i) that in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March 2013, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2013 on a "going concern basis".

### 13. ACKNOWLEDGEMENT

The directors gratefully acknowledge the continued support and co-operation received from the promoters of the Company, viz., T V Sundram Iyengar and Sons Limited, Southern Roadways Limited, Sundaram Industries Limited and Sundaram Finance Limited.

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

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

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

For and on behalf of the board

Chennai  
8<sup>th</sup> May 2013

VENU SRINIVASAN  
Chairman

## Annexure I to Directors' report

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

### A. CONSERVATION OF ENERGY

#### 1. Measures taken – (2012-13)

- (i) Replacement of contactors with thyristor drives;
- (ii) Logic modification carried out in Special Purpose Machines (SPM) to switch off the Hydraulic motor during machine idle condition;
- (iii) Usage of Light Emitting Diodes (LED) lightings;
- (iv) Replacement of old air-conditioners with energy efficient ones;
- (v) Introduction of electrical operated solenoid valve in the machine incoming airline to switch off during machine idle condition - 100 Machines;
- (vi) Design modification in holding furnaces to reduce power consumption; and
- (vii) Introduction of Solid State Relay (SSR) control in Silcarb furnace.

The above measures have resulted in an annual saving of about Rs.0.39 Cr.

#### 2. Proposed measures – (2013-14)

- (i) Introducing energy saver for Atlas Copco compressor;
- (ii) Converting existing individual power packs with common power packs;
- (iii) Providing cover for holding furnaces attached to die casting machines;
- (iv) Improving power factor from 0.93 to 0.97 for casting shop;
- (v) Usage of energy efficient LED Lights;
- (vi) Introducing accumulators and valves to reduce the running time of Hydraulic motors - 25 Machines;
- (vii) Usage of energy efficient air guns;
- (viii) Replacing of Pneumatic boosters with small screw compressors;
- (ix) Providing Solar Energy Based system for canteen cooking;
- (x) Converting heating controls from normal contactors controller to Thyristor controller in Gravity Die Castings (GDC) furnace; and
- (xi) Demand Controller for Compressor air system in Mahindra World City (MWC) Plant.

The above measures will result in an annual saving of about Rs.1.21 Cr.

### B. TECHNOLOGY ABSORPTION

#### Research & Development (R & D)

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

##### Completed activities:

- (i) Development of surface coating processes for magnesium casting;
- (ii) Establishment of stress relieving processes for dies;
- (iii) Development of surface treatment capability for magnesium die cast parts;
- (iv) Development of machining process for magnesium die cast parts;
- (v) Developed one prototype aluminium part by investment casting; and
- (vi) Developed 44 new aluminium die cast parts.

##### Ongoing activities:

- (i) Establishment of reclamation process for core sand;
- (ii) Development of prototype using Aluminum foam process;
- (iii) Establishment of production facilities for magnesium die cast parts;
- (iv) Optimising spray time in pressure die cast process;
- (v) Technical feasibility of lost core process; and
- (vi) Technical feasibility of Metal matrix composites.

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

- (i) Energy saving;
- (ii) Development of new die cast products for customers;
- (iii) Validation of product life by performance testing;
- (iv) Ideas generated for new businesses; and
- (v) Upgradation of technical skill of employees.

#### 3. Future plan of action:

- (i) Development of innovative methods of liquid metal transfer technologies to reduce energy consumption;
- (ii) Development of Rheo-die casting process;
- (iii) Development of high ductile Pressure Die Castings (PDC) alloys for structural parts;
- (iv) Development of investment casting technology for aluminum alloys; and
- (v) Development of non-heat treatable high strength aluminum alloys.

#### 4. Expenditure on R & D:

|   | (Rs. in Cr.) |
|---|--------------|
| Capital expenditure                               | 1.90         |
| Recurring expenditure (including salaries)        | 6.09         |
| <b>Total</b>                                      | <b>7.99</b>  |
| Total expenditure as percentage of sales turnover | <u>0.82%</u> |

#### 5. Technology absorption, adaptation and innovation:

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

Nil

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

#### Export activities

Export during the year ended 31<sup>st</sup> March 2013 amounted to Rs.456.88 Cr as against Rs.413.27 Cr for the year ended 31<sup>st</sup> March 2012.

|  | (Rs. in Cr.) |
|--|--------------|
| <b>Total foreign exchange used and earned:</b> |              |
| a) Foreign exchange used                       | 440.04       |
| b) Foreign exchange earned                     | 476.76       |

For and on behalf of the board

Chennai  
8<sup>th</sup> May 2013

VENU SRINIVASAN  
Chairman

## Report on Corporate Governance

### 1. Company's philosophy on code of governance

As a TVS Group Company, the Company has a strong legacy of fair, transparent and ethical governance practices. The Company's philosophy on corporate governance is founded on the fundamental ideologies of the group viz., Trust, Value and Service.

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

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

### 2. Board of Directors

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

#### 2.1 Composition and category of directors:

As on 31<sup>st</sup> March 2013 and on the date of this report, the board consists of twelve directors. All the directors except chairman & managing director and director - strategy are non-executive directors.

As the Company has an executive chairman viz., Mr Venu Srinivasan who is the chairman & managing director, the board, in terms of Clause 49 of the Listing Agreement, is required to have fifty per cent of its directors as independent directors.

Out of the ten non-executive directors, six directors are non executive - independent directors viz., M/s. Vice Admiral P J Jacob, Suresh Kumar Sharma, S Santhanakrishnan, V Subramanian, R Vijayaraghavan and Kamlesh Gandhi.

Thus, the composition of the Company's board is in conformity with the Listing Agreement.

#### 2.2 Board meetings:

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

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

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

During the year 2012-2013, the board met five times on 20<sup>th</sup> April 2012, 8<sup>th</sup> August 2012, 28<sup>th</sup> August 2012, 1<sup>st</sup> November 2012 and 8<sup>th</sup> February 2013 and the gap between two meetings did not exceed four months.

#### 2.3 Attendance and other directorships:

The details of attendance of the directors, at the board meetings, during the year, and at the last annual general meeting held on 29<sup>th</sup> November 2012 and also the number of other directorships and committee memberships / chairmanships as on 31<sup>st</sup> March 2013 are as follows:

| Name of the director<br>M/s.   | Category | Attendance particulars |          | Number of directorships and committee memberships / chairmanships |                         |                         |
|--------------------------------|----------|------------------------|----------|---|-------------------------|-------------------------|
|                                |          | Board meeting          | Last AGM | Other directorships*  | Committee memberships** | Committee chairmanships |
| Venu Srinivasan                | CMD      | 5                      | Yes      | 16  | 4                       | 1                       |
| Gopal Srinivasan               | NE-NI    | 2                      | No       | 19  | 1                       | -                       |
| K Mahesh                       | NE-NI    | 3                      | Yes      | 6   | 2                       | -                       |
| T K Balaji                     | NE-NI    | 3                      | Yes      | 14  | 4                       | 1                       |
| Dr Lakshmi Venu                | DS       | 4                      | Yes      | 1   | -                       | -                       |
| Sudarshan Venu                 | NE-NI    | 3                      | Yes      | 2   | -                       | -                       |
| Vice Admiral P J Jacob (Retd.) | NE-I     | 5                      | Yes      | 1   | 1                       | 1                       |
| V Subramanian                  | NE-I     | 5                      | Yes      | 9   | 5                       | 1                       |
| Suresh Kumar Sharma            | NE-I     | 2                      | No       | 1   | -                       | -                       |
| S Santhanakrishnan             | NE-I     | 3                      | Yes      | 5   | 2                       | -                       |

## Sundaram-Clayton Limited

| Name of the director<br>M/s. | Category | Attendance particulars |          | Number of directorships and committee memberships / chairmanships |                         |                         |
|------------------------------|----------|------------------------|----------|---|-------------------------|-------------------------|
|                              |          | Board meeting          | Last AGM | Other directorships*  | Committee memberships** | Committee chairmanships |
| R Vijayaraghavan             | NE-I     | 3                      | Yes      | 5   | 3                       | 1                       |
| Kamlesh Gandhi               | NE-I     | 3                      | Yes      | 6   | 2                       | –                       |

\* includes private companies and bodies corporate.

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

CMD : Chairman & Managing Director / DS : Director-Strategy

NE-I : Non Executive - Independent director

NE-NI : Non Executive - Non-Independent director

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

### 2.4 Access to information and updation to directors:

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

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

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

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

The Company has in place the Code for member of the board and senior management personnel approved by the board. The Code has been communicated to directors and the senior management personnel. The Code has also been displayed on the Company's website [www.sundaramclayton.com](http://www.sundaramclayton.com)

All the members of the board and senior management personnel have confirmed compliance with the Code for the year ended 31<sup>st</sup> March 2013. The annual report contains a declaration to this effect signed by the chairman and managing director and the company secretary as compliance officer of the Code.

### 2.6 Re-appointment of directors:

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

## 3. Audit Committee

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

### 3.1 Brief description of terms of reference:

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

- a. Overseeing the Company's financial reporting process and the disclosure of financial information.
- b. Reviewing with the management quarterly and annual financial statements before submission to the board for approval with particular reference to the matters specified in the Listing Agreement.
- c. Reviewing the statement of related party transactions and transactions with companies in which one or more director(s) of the Company is / are deemed to be interested / concerned.
- d. Discussing the nature and scope of audit including internal audit prior to the commencement of the audit and areas of concern, if any, arising post audit.
- e. Reviewing the reports of Internal Auditors and ensuring that adequate follow-up action is taken by the management on observations and recommendations made by the internal auditors.
- f. Reviewing the findings of any internal investigations by the internal auditors into matters of suspected fraud or irregularity or a failure of internal control systems of a material nature, if any.
- g. Recommending to the board the appointment / re-appointment / replacement of the statutory auditor and cost auditor and the fees payable for audit and approving the payment for any other services rendered by the auditors.
- h. Reviewing the adequacy of internal audit functions and systems, structure, reporting process, audit coverage and frequency of internal audit.



## Sundaram-Clayton Limited

- i. Reviewing the management discussion analysis of financial conditions and results of operations and other matters specified under Clause 49 of the Listing Agreement.
- j. Reviewing the financial statements, in particular the investments made by the unlisted subsidiaries.
- k. Reviewing the cost audit compliance report.
- l. Reviewing with the management the annual financial statements before submission to the board, in particular
  - a. Any change in accounting policies and practices;
  - b. Major accounting entries passed, based on exercise of judgment by management;
  - c. Significant adjustments arising out of audit;
  - d. Compliance with accounting standards; and
  - e. Disclosure of contingent liabilities.
- m. Approving the appointment of the Chief Financial Officer after assessing the qualifications, experience, background, etc. of the candidate.
- n. In addition, reviewing of such other functions as envisaged under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchanges.

The subjects reviewed and recommended in the meetings of the Audit Committee were apprised to the board by the Chairman of the Audit Committee, for its approval.

### 3.2 Composition, name of members and the chairman:

As at 31<sup>st</sup> March, 2013, 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)<br>V Subramanian<br>S Santhanakrishnan | Non-Executive and Independent director     |
| T K Balaji   | Non-Executive and Non-Independent director |

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

Chairman of the audit committee was present at the last annual general meeting held on 29<sup>th</sup> November 2012.

The composition of the audit committee is in accordance with the requirements of Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956.

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

| Date of the meeting | Members present (M/s)   |
|---------------------|---|
| 20.04.2012          | Vice Admiral P J Jacob (Retd),<br>V Subramanian and T R Sridharan (*) |
| 07.08.2012          | Vice Admiral P J Jacob (Retd.) and<br>V Subramanian                   |

| Date of the meeting | Members present (M/s)  |
|---------------------|--|
| 28.08.2012          | Vice Admiral P J Jacob (Retd),<br>V Subramanian and<br>S Santhanakrishnan  |
| 01.11.2012          | Vice Admiral P J Jacob (Retd),<br>T K Balaji, and V Subramanian            |
| 08.02.2013          | Vice Admiral P J Jacob (Retd.),<br>V Subramanian and<br>S Santhanakrishnan |

(\*) Resigned w.e.f 23<sup>rd</sup> June 2012

## 4. Subsidiary Companies

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

## 5. Disclosures

### 5.1. Materially significant related party transactions:

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

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

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

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

### 5.2 Disclosure of accounting treatment:

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

The Central Government has issued a notification on 29<sup>th</sup> December 2011 amending the existing AS 11 relating to 'The effects of changes in foreign exchange rates' and extended upto 31<sup>st</sup> March 2020. By this amendment, companies are permitted to add / deduct from the carrying cost of depreciable assets, exchange differences arising out of exchange rate fluctuations with corresponding adjustments in general reserves and provision for depreciation. In order to give effect to the aforesaid amendment, companies are required to exercise their option in this regard. The option once exercised is irrevocable.

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

**5.3 Risk Management:**

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

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

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

**5.5 Disclosure by senior management personnel:**

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

**5.6 CEO and CFO Certification:**

The chairman and managing director (CEO) and the executive vice-president - finance (CFO) of the Company have certified to the board on financial and other matters in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31<sup>st</sup> March 2013.

**5.7 Compliance with mandatory / non-mandatory requirements:**

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

**5.8 Code of Conduct for Prevention of Insider Trading :**

In compliance with the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations 1992, as amended till date, the Company has a comprehensive code of conduct for prevention of insider trading and the same is being strictly adhered to by the directors, senior management and other persons covered by this code.

The code expressly lays down the guidelines and the procedures to be followed and disclosures to be made, while dealing with the shares of the Company and cautioning them on the consequences of non-compliances thereof.

The Company regularly follows closure of trading window prior to the publication of price sensitive information. The Company has been informing the directors, senior management personnel and other persons covered by the code about the same and advising them not to trade in Company's securities, during the closure of trading window period.

**5.9 Management discussion and analysis report:**

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

**6.1 Remuneration to directors:**

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

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

The Board of Directors at its meeting held on 5<sup>th</sup> May 2011 varied the terms of appointment and remuneration of Dr Lakshmi Venu and the same got approved by the members at the 49<sup>th</sup> Annual General Meeting of the Company held on 30<sup>th</sup> September 2011.

Mr Venu Srinivasan, chairman and managing director and Dr Lakshmi Venu, Director-Strategy were paid remuneration within the limit stipulated under Section 198 read with Schedule XIII of the Companies Act, 1956.

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

As approved by the shareholders at the 49<sup>th</sup> annual general meeting of the Company held on 30<sup>th</sup> September 2011, Non-executive and Independent directors are being paid commission, not exceeding 1% of the net profits of the Company, in aggregate subject to a maximum, as determined by the board, for each such director for every financial year for a period of five years from 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2016.

**6.2 Particulars of sitting fees paid and commission payable to the non-executive directors during the financial year 2012-2013:**

| Name of the directors (M/s.)                   | Sitting fees(*) (Rs.) | Commission (Rs.) |
|--|-----------------------|------------------|
| K Mahesh                                       | 22,500                | -                |
| Gopal Srinivasan                               | 30,000                | -                |
| T K Balaji                                     | 1,20,000              | -                |
| Vice Admiral P J Jacob (Retd)                  | 82,500                | 6,00,000         |
| V Subramanian                                  | 82,500                | 6,00,000         |
| S Santhanakrishnan                             | 37,500                | 6,00,000         |
| Suresh Kumar Sharma                            | 15,000                | 4,00,000         |
| Sudarshan Venu                                 | 22,500                | -                |
| R Vijayaraghavan                               | 22,500                | 4,00,000         |
| Kamlesh Gandhi<br>(from 8.8.2012 to 31.3.2013) | 22,500                | 2,67,000         |
| T R Sridharan<br>(from 1.4.2012 to 23.6.2012)  | 15,000                | 1,50,000         |

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

**6. Remuneration Committee**

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

## Sundaram-Clayton Limited

6.3 Details of shareholdings of non-executive directors in the Company as on 31<sup>st</sup> March 2013:

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

\* 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.

\*\* Mr Sudarshan Venu is related to Mr Venu Srinivasan, chairman and managing director and Dr Lakshmi Venu, director-strategy.

None of the other non-executive directors is related to each other.

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

6.4 Particulars of remuneration paid to chairman and managing director and director-strategy during the financial year 2012-2013:

(Rs. in lakhs)

| Name of the Directors | Salary & Bonus | Contribution to PF & Other Funds | Perquisites | Commission | Total  |
|-----------------------|----------------|----------------------------------|-------------|------------|--------|
| Mr Venu Srinivasan    | 18.00          | 3.06                             | 1.50        | -          | 22.56  |
| Dr Lakshmi Venu       | 102.50         | -                                | 10.25       | 34.98      | 147.73 |

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

### 7. Investors' grievance committee

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

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

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

7.4 Complaints received and redressed during the year 2012-2013:

| S.No. | Nature of complaints             | No. of complaints |
|-------|----------------------------------|-------------------|
| 1.    | Non-receipt of dividend warrants | 9                 |
| 2.    | Non-receipt of annual report     | 1                 |
| 3.    | Non-receipt of share certificate | 1                 |
|       | Total                            | 11                |

7.5. All the queries and complaints received during the financial year ended 31<sup>st</sup> March 2013 were duly redressed and no queries were pending for resolution on that date.

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

7.6 Reconciliation of Share Capital Audit:

A qualified practising company secretary carries out a Reconciliation of Share Capital (ROSC) Audit on a quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with the total issued and listed capital and places the report for perusal of the board.

ROSC Audit report confirms that the total issued and listed capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

### 8. General body meeting

8.1 Location and time where the annual general meetings were held during the last three years:

| Year      | Location  | Date       | Time      |
|-----------|---|------------|-----------|
| 2009-2010 | The Music Academy, New No.168 (Old No. 306) TTK Road, Royapettah, Chennai - 600 014 | 22.09.2010 | 10.15 A.M |
| 2010-2011 | The Music Academy, New No.168 (Old No. 306) TTK Road, Royapettah, Chennai - 600 014 | 30.09.2011 | 10.15 A.M |
| 2011-2012 | The Music Academy, New No.168 (Old No. 306) TTK Road, Royapettah, Chennai - 600 014 | 29.11.2012 | 10.00 A.M |

8.2 During the last three years, namely 2009-10 to 2011-12, approval of the shareholders was obtained by passing special resolutions as follows:

| Year    | Subject matter of the special resolution  | Date of AGM |
|---------|---|-------------|
| 2009-10 | Nil   | 22.09.2010  |
| 2010-11 | (1) Payment of commission to non-executive independent directors.<br>(2) Amendment to the Articles of Association of the Company. | 30.09.2011  |
| 2011-12 | Appointment of Mr Sudarshan Venu, director as Vice President - TVS Motor Company Limited, the subsidiary company.                 | 29.11.2012  |

## Sundaram-Clayton Limited

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

### 8.4 Postal Ballot

The board sought the consent of shareholders of the Company by way of special resolutions through Postal Ballot as per the notice issued to the shareholders on 8<sup>th</sup> February 2013, for:

| Resln. No. | Subject   |
|------------|---|
| (i)        | amending the Articles of Association of the Company to enable the Company for appointing the same individual to hold and occupy both the positions of Chairman and Managing Director / Chief Executive Officer (CEO) / such other equivalent managerial position thereof in the Company;  |
| (ii)       | keeping the statutory registers and documents in terms of Section 163(1) and other applicable provisions of the Companies Act, 1956; and  |
| (iii)      | offering and issuing of 12,64,501 new Equity Shares of Rs.5/- each of the Company to "Qualified Institutional Buyers" (QIBs) under 'Institutional Placement Programme' (IPP) in terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended and in terms of Section 81(1A) of the Companies Act, 1956 for achieving the minimum public shareholding, in terms of Rule 19(2)(b) and 19A of the Securities Contracts (Regulation) Rules, 1957. |

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

The results of the Postal Ballot are given below.

| Particulars      | No. / % of votes cast in favour |       | No. / % of votes cast against |      |
|------------------|---------------------------------|-------|-------------------------------|------|
|                  | No.                             | %     | No.                           | %    |
| Resolution (i)   | 98,55,606                       | 99.97 | 2,691                         | 0.03 |
| Resolution (ii)  | 98,55,364                       | 99.98 | 1,740                         | 0.02 |
| Resolution (iii) | 98,53,424                       | 99.96 | 3,951                         | 0.04 |

### 8.5 Declaration of results of Postal Ballot:

The procedures prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 were duly followed for conducting postal ballot process during the year to approve the resolutions mentioned above.

The results of the Postal Ballot were published in the newspapers, namely Business Line and Dinamani on 21<sup>st</sup> March 2013 and also on the notice board of the registered office of the Company on the said date and the same were also published in the official website of the Company.

## 9. Means of communication to shareholders

The board believes that effective communication of information is an essential component of corporate governance. The Company regularly interacts with shareholders through multiple channels of

communication such as result announcement, annual report, media releases, Company's website and specific communications to Stock Exchanges, where the Company's shares are listed.

### 9.1 Quarterly results:

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

### 9.2 Newspapers wherein results are normally published:

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

### 9.3 Website:

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

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

## 10. General shareholder information

### 10.1 Annual general meeting:

|               |   |
|---------------|---|
| Date and time | : Tuesday, the 27 <sup>th</sup> August 2013<br>at 10.35 AM                                  |
| Venue         | : The Music Academy,<br>New No.168 (Old No. 306), TTK Road,<br>Royapettah, Chennai 600 014. |

### 10.2 Financial year

|   |   |
|---|---|
| Financial year                          | : 1 <sup>st</sup> April to 31 <sup>st</sup> March                     |
| Financial calendar 2013-14 (Tentative): |   |
| Financial reporting for                 |   |
| the quarter ended                       | : Financial calendar  |
| 30 <sup>th</sup> June 2013              | : between 15 <sup>th</sup> July and 14 <sup>th</sup> August 2013      |
| 30 <sup>th</sup> September 2013         | : between 15 <sup>th</sup> October and 14 <sup>th</sup> November 2013 |
| 31 <sup>st</sup> December 2013          | : between 15 <sup>th</sup> January and 14 <sup>th</sup> February 2014 |
| 31 <sup>st</sup> March 2014             | : between 15 <sup>th</sup> April and 30 <sup>th</sup> May 2014        |
| Annual general meeting                  | : During July - September 2014  |

### 10.3 Date of book closure

: 23<sup>rd</sup> August 2013 to 27<sup>th</sup> August 2013

### 10.4 Particulars of dividend payment:

The board of directors at their meeting held on 8<sup>th</sup> February 2013, declared first interim dividend of Rs.9/- per share (180%) for the year 2012-2013, absorbing a sum of Rs.17.07 crores, including

## Sundaram-Clayton Limited

dividend distribution tax. It was paid to the shareholders on 19<sup>th</sup> February 2013.

The board of directors of the Company at their meeting held on 8<sup>th</sup> May 2013 declared a second interim dividend of Rs.5/- per share (100%) for the year 2012-13 absorbing a sum of Rs.9.48 Cr. including dividend distribution tax. This will be paid to the shareholders on or before 17<sup>th</sup> May 2013. Hence, the total amount of dividend including the proposed second interim dividend payable, for the year ended 31<sup>st</sup> March 2013 will aggregate to Rs.14/- per share (280%) on 1,89,67,584 equity shares of Rs.5/- each.

### 10.5 Listing on Stock Exchanges:

| Name of the Stock Exchange                           | Stock code / symbol |
|--|---------------------|
| Madras Stock Exchange Ltd (MSE)                      | -                   |
| BSE Ltd (BSE)  | 520056              |
| National Stock Exchange of India Ltd (NSE)           | SUNCLAYLTD          |
| ISIN allotted by Depositories<br>(Company ID Number) | INE 105A01035       |

(Note: Annual listing fees and custodial charges for the year 2013-2014 were duly paid to the above Stock Exchanges and to the Depositories)

### 10.6 Market Price Data:

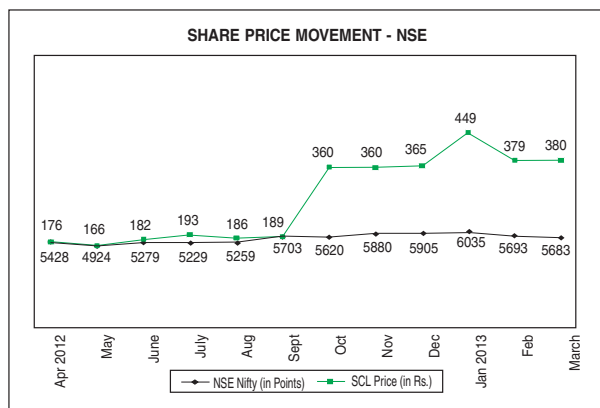
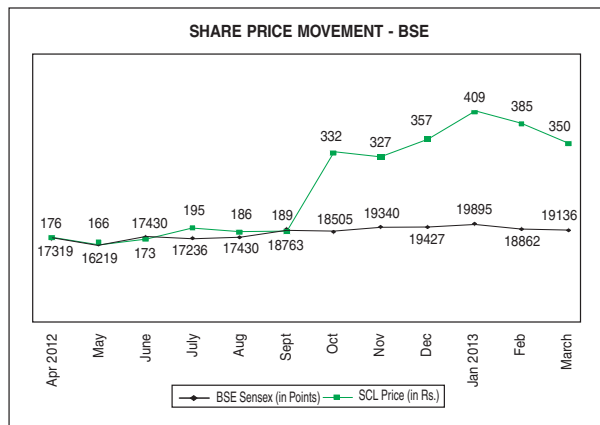
(in Rupees)

| Month          | BSE    |        | NSE    |        |
|----------------|--------|--------|--------|--------|
|                | High   | Low    | High   | Low    |
| April 2012     | 176.05 | 152.00 | 175.85 | 152.00 |
| May 2012       | 165.85 | 142.90 | 165.80 | 151.00 |
| June 2012      | 172.70 | 154.00 | 181.60 | 151.30 |
| July 2012      | 195.00 | 166.05 | 192.50 | 166.30 |
| August 2012    | 185.95 | 168.25 | 185.95 | 168.50 |
| September 2012 | 188.90 | 177.10 | 188.70 | 175.00 |
| October 2012 * | 331.70 | 260.00 | -      | -      |
| November 2012  | 326.95 | 288.10 | 360.00 | 299.00 |
| December 2012  | 357.00 | 301.05 | 364.90 | 301.20 |
| January 2013   | 409.00 | 330.05 | 449.00 | 341.20 |
| February 2013  | 385.00 | 300.00 | 379.00 | 306.05 |
| March 2013     | 350.00 | 297.00 | 380.00 | 300.15 |

Trading was suspended from 7<sup>th</sup> September 2012 to 22<sup>nd</sup> October 2012, in view of the Composite Scheme of Arrangement sanctioned by the Hon'ble High Court of Madras vide its order dated 3<sup>rd</sup> August 2012. (Record Date - 10<sup>th</sup> September 2012). Trading commenced on 23<sup>rd</sup> October 2012.

\* Share prices from October 2012 onward are based on halved capital consequent upon demerger.

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



### 10.8 Share Transfer System :

- The Company has registered itself with SEBI as Share Transfer Agent (STA) in Category II.
- The Share Transfer Department (STD) of the Company carried out its activities from No. 22 (Old 31), Railway Colony 3<sup>rd</sup> Street, Mehta Nagar, Chennai - 600 029 all along. However, for administrative reasons, they have transferred these activities to the premises, where the registered office of the Company is also located after obtaining the approval of the shareholders of the Company the terms of Section 163(1) of the Act through postal ballot process. The shareholders have also been advised about this change and are requested to correspond with STD at this new location mentioned elsewhere in this report.
- All matters connected with the share transfer both physical and electronic, dividends and other matters are handled by the share transfer department of the Company located at the address mentioned elsewhere in this report.
- Shares lodged for transfers are normally processed within 10 days from the date of lodgement, if the documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 7 days. Grievances received from shareholders and other miscellaneous correspondence on change of address, mandates etc. are processed by the share transfer department of the Company within 7 days.

## Sundaram-Clayton Limited

- e. Certificates are being obtained and submitted to Stock Exchanges, on half-yearly basis, from a Company Secretary-in-practice towards due compliance of share transfer formalities by the Company within the due dates, in terms of Clause 47(c) of the Listing Agreement with Stock Exchanges.
- f. Certificates have also been received from a Company Secretary-in-practice and submitted to the Stock Exchanges, on a quarterly basis, for timely dematerialization of shares of the Company and for reconciliation of the share capital of the Company, as required under SEBI (Depositories and Participants) Regulations, 1996.
- g. The Company, as required under clause 47(f) of the Listing Agreement, has designated the following e-mail IDs, namely [investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@scl.co.in) (share transfer department) [r.rajaprakash@scl.co.in](mailto:r.rajaprakash@scl.co.in) (compliance officer) for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.
- h. Shareholders are, therefore, requested to correspond with the share transfer department for transfer / transmission of shares, change of address and queries pertaining to their shareholdings, dividends, etc., at the address given in this report.

### 10.9 Shareholding pattern as on 31<sup>st</sup> March 2013 :

| Category of Shareholder                      | No. of shares<br>(face value of<br>Rs. 5/- each) | %             |
|--|--|---------------|
| <b>Promoter and Promoter Group</b>           |  |               |
| Bodies Corporate (1)                         | 1,51,74,064                                      | 80.00         |
| <b>Public Shareholding</b>                   |  |               |
| Mutual Funds                                 | 13,44,488  | 7.09          |
| Banks and Financial Institutions             | 402  | 0.00          |
| Foreign Institutional Investors              | 5,813  | 0.03          |
| Total - Institutions (A)                     | 13,50,703  | 7.12          |
| Bodies Corporate                             | 2,70,637   | 1.43          |
| Indian - Individuals                         | 21,37,772  | 11.27         |
| Directors & relatives                        | 6,130  | 0.03          |
| NRI - Individuals                            | 28,278   | 0.15          |
| Total - Non Institutions (B)                 | 24,42,817  | 12.88         |
| <b>Total Public Shareholding (A)+(B) (2)</b> | <b>37,93,520</b>                                 | <b>20.00</b>  |
| <b>Grand Total (1) + (2)</b>                 | <b>1,89,67,584</b>                               | <b>100.00</b> |

### 10.10 Distribution of Shareholding as on 31<sup>st</sup> March 2013:

| Shareholding<br>(Range) | No of<br>shares    | %             | No of<br>members | %             |
|-------------------------|--------------------|---------------|------------------|---------------|
| Upto 500                | 13,77,473          | 7.26          | 16,555           | 97.78         |
| 501-1000                | 1,52,416           | 0.81          | 206              | 1.22          |
| 1001-2000               | 1,10,791           | 0.58          | 80               | 0.47          |
| 2001-5000               | 1,79,351           | 0.95          | 54               | 0.32          |
| 5001-10000              | 1,15,975           | 0.61          | 17               | 0.10          |
| 10001 & above           | 1,70,31,578        | 89.79         | 19               | 0.11          |
| <b>Total</b>            | <b>1,89,67,584</b> | <b>100.00</b> | <b>16,931</b>    | <b>100.00</b> |

### 10.11 Dematerialization of shares and liquidity:

All the promoters holding consisting of 1,51,74,064 equity shares of Rs.5/- each have been fully dematerialised. Out of 37,93,520 equity shares of Rs.5/- each held by persons other than promoters 35,04,960 shares have been dematerialized as on 31<sup>st</sup> March, 2013 accounting for 92.39%.

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

### 10.13 Plant locations

#### : Padi

Chennai - 600 050  
Tamil Nadu, India  
Tel : 044 - 2625 8212  
Fax : 044 - 2625 7177  
Email : [cnp@scl.co.in](mailto:cnp@scl.co.in)

#### Mahindra World City

Plot No. AA8, Central Avenue,  
Auto Ancillary SEZ,  
Kancheepuram - 603 002  
Tamil Nadu, India  
Tel. : 044 - 2746 0500  
Fax : 044 - 2746 0520  
Email : [cnp@scl.co.in](mailto:cnp@scl.co.in)

#### Oragadam

Plot No. B-14, SIPCOT  
Industrial Growth Centre  
Sriperumbudur Taluk,  
Kancheepuram District - 602 105  
Tel : 044 - 6710 3300  
Email : [cnp@scl.co.in](mailto:cnp@scl.co.in)

#### Hosur

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

### 10.14 Address for investors correspondence :

- (i) For transfer / dematerialisation of shares, payment of dividend on shares and any other query relating to the shares of the Company : Sundaram-Clayton Limited  
Share Transfer Department  
"Jayalakshmi Estates", 1<sup>st</sup> Floor,  
No.29, Haddows Road,  
Chennai 600 006
- (ii) for any query on non-receipt of annual report : Email : [kr.raman@scl.co.in](mailto:kr.raman@scl.co.in)  
[sclshares@gmail.com](mailto:sclshares@gmail.com)
- (iii) for Investors grievance & general correspondence : Email : [r.rajaprakash@scl.co.in](mailto:r.rajaprakash@scl.co.in)  
[investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@scl.co.in)

## 11. Non-mandatory disclosures

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

### 11.1 The Board:

As the Company has an executive chairman, the implementation of this non-mandatory requirement does not arise.

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

### 11.2 Remuneration committee:

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

### 11.3 Shareholder rights:

The half-yearly results of the Company are published in newspapers as soon as they are approved by the board and are also displayed in the Company's website namely [www.sundaramclayton.com](http://www.sundaramclayton.com). The results are not sent to the shareholders individually.

### 11.4 Audit qualifications:

The statutory financial statements of the Company are unqualified.

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

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

### 11.6 Whistle blower policy:

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

## 12. Request to shareholders

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

### 12.1 Demat of Shares:

Shareholders are requested to convert their physical holding to demat / electronic form through any of the Depository Participants (DPs) to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.

### 12.2 Registration of Electronic Clearing Service (ECS) Mandate:

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

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

### 12.3 Transfer of shares in physical mode:

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

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

In terms of SEBI's circular no. MRD/DoP/Cir -05/1009 dated 20<sup>th</sup> May 2009, it has become mandatory for transferees to furnish a copy of Permanent Account Number (PAN) for registration of transfer of shares to be held in physical mode.

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

### 12.4 Consolidation of Multiple Folios:

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

### 12.5 Registration of Nominations:

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

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

### 12.6 Updation of address:

Shareholders are requested to update their address registered with the Company, directly through the Share Transfer Department located at the address mentioned above, to receive all communications promptly.

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

### 12.7 SMS Alerts:

Investors are requested to note that National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) have announced the launch of SMS alert facility for demat account holders whereby shareholders will receive alerts for debits / credits (transfers) to their demat accounts a day after the respective transfers. These alerts will be sent to those account holders who have provided their mobile numbers to their Depository Participants (DPs) and made a request for such service. No charge will be levied by

## Sundaram-Clayton Limited

NSDL / CDSL on DPs for providing this facility to investors. Further information is available on the website of NSDL and CDSL, namely [www.nsdl.co.in](http://www.nsdl.co.in) and [www.cdslindia.com](http://www.cdslindia.com) respectively.

### 12.8 Timely encashment of dividends:

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

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

Shareholders who have not encashed their dividend warrants in respect of dividend declared for the financial year ended 31<sup>st</sup> March 2006 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

Shareholders are requested to note that the dividend not claimed for a period of seven years from the date they first became due for payment shall be transferred to IEPF in terms of Section 205C of the Companies Act, 1956. Accordingly a sum of Rs.4.71 lakhs, being unclaimed dividend was transferred to IEPF during the year. Shareholders are requested to note that, as per provisions of the Companies Act, 1956, unclaimed dividends once transferred to IEPF will not be refunded.

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

#### PARTICULARS OF UNCLAIMED DIVIDEND OF THE COMPANY

| Financial year                    | Date of declaration | Date of transfer to special account | Due date of transfer to IEPF |
|-----------------------------------|---------------------|-------------------------------------|------------------------------|
| 2005-06 (2 <sup>nd</sup> Interim) | 21.04.2006          | 27.05.2006                          | 27.05.2013                   |
| 2006-07 (1 <sup>st</sup> Interim) | 30.10.2006          | 05.12.2006                          | 05.12.2013                   |
| 2006-07 (2 <sup>nd</sup> Interim) | 21.03.2007          | 26.04.2007                          | 26.04.2014                   |
| 2006-07 (Final)                   | 03.10.2007          | 08.11.2007                          | 08.11.2014                   |
| 2007-08 (1st Interim)             | 30.10.2007          | 05.12.2007                          | 05.12.2014                   |
| 2007-08 (2 <sup>nd</sup> Interim) | 18.08.2008          | 23.09.2008                          | 23.09.2015                   |
| 2008-09 (1 <sup>st</sup> Interim) | 08.12.2008          | 13.01.2009                          | 13.01.2016                   |
| 2008-09 (Final)                   | 29.09.2009          | 04.11.2009                          | 04.11.2016                   |
| 2009-10 (1 <sup>st</sup> Interim) | 25.01.2010          | 02.03.2010                          | 02.03.2017                   |
| 2009-10 (2 <sup>nd</sup> Interim) | 13.08.2010          | 18.09.2010                          | 18.09.2017                   |
| 2010-11 (1st Interim)             | 28.01.2011          | 05.03.2011                          | 05.03.2018                   |
| 2010-11 (2 <sup>nd</sup> Interim) | 12.08.2011          | 17.09.2011                          | 17.09.2018                   |
| 2011-12 (Interim)                 | 20.04.2012          | 26.05.2012                          | 26.05.2019                   |
| 2012-13 (1 <sup>st</sup> Interim) | 08.02.2013          | 16.03.2013                          | 16.03.2020                   |

### 12.9 Unclaimed share certificates:

In terms of the provisions of Clause 5A of the Listing Agreement (introduced vide SEBI circular dated 16<sup>th</sup> December, 2010) the unclaimed share certificates will be dematerialized and transferred to "Unclaimed Suspense Account". As required under this clause of the Listing Agreement, the Company sent two reminder letters to the shareholders, whose share certificates were returned undelivered or unclaimed. It is also proposed to send the third and final reminder letter during the current year 2013-14 as required. Action will be taken thereafter to transfer the shares unclaimed to "Unclaimed Suspense Account" to comply with the requirement of this clause of the Listing Agreement.

### 12.10 Green initiative in corporate governance:

The Ministry of Corporate Affairs (MCA) has undertaken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including

Annual Report can be sent by e-mail to its members. The advantages of sending documents in electronic mode are to:

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

Accordingly, the annual report for the year 2012-2013, notice for the annual general meeting, etc. are being sent in electronic mode to such of the members of the Company whose e-mail addresses are available with the Company and who have not opted to receive the same in physical form.

To support this "green initiative" of the Government, members are requested to register their e-mail addresses, with the Depository Participants, in case shares are held in dematerialized form and with the Share Transfer Department, in case the shares are held in physical form and also to intimate changes, if any, in their registered e-mail addresses to the Company / Depository Participant, from time to time.



## **Sundaram-Clayton Limited**

---

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

The shareholders of Sundaram-Clayton Limited, Chennai

On the basis of the written declarations received from members of the board and senior management personnel in terms of the relevant provisions of Clause 49 of the Listing Agreement, we hereby certify that both the members of the board and senior management personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the board of directors for the year ended 31<sup>st</sup> March 2013.

Chennai  
8<sup>th</sup> May 2013

R RAJA PRAKASH  
Company Secretary

VENU SRINIVASAN  
Chairman & Managing Director

---

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

To

The Shareholders of Sundaram-Clayton Limited, Chennai.

We have examined the compliance of conditions of Corporate Governance by Sundaram-Clayton Limited, Chennai - 600 006 for the year ended 31<sup>st</sup> March 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

Chennai  
8<sup>th</sup> May 2013

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

M. BALASUBRAMANIAM  
*Partner*  
Membership No. F7945

**Independent Auditors' report to the shareholders of Sundaram-Clayton Limited, Chennai for the year ended 31<sup>st</sup> March 2013.**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of Sundaram-Clayton Limited, Chennai - 600006 ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date along with Notes on accounts.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2013;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - a) 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;
  - b) 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;
  - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) on the basis of written representations received from the directors as on 31<sup>st</sup> March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
  - f) since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of the Companies Act, 1956 nor has it issued any Rules under the said Section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Sundaram & Srinivasan  
Chartered Accountants  
Firm Regn. No.: 004207S

M. BALASUBRAMANIAM  
Partner  
Membership No.: F7945

Place : Chennai  
Date : 8<sup>th</sup> May 2013

**Annexure referred to in our report of even date on the accounts for the year ended 31<sup>st</sup> March 2013**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets are physically verified by the management at reasonable intervals. In our opinion, the interval is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The assets disposed off during the year are not substantial and therefore do not affect the going concern status of the Company.
- (ii) (a) The inventory has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of such verification is adequate. The physical verification plan with regard to overseas inventory are planned to cover all the warehouses once in a cycle of three years. In respect of inventory with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company has maintained proper records of inventory. The discrepancies between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account.
- (iii) (a) During the year the Company has not granted loans and advances to Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) During the year the Company has not taken loan from any party covered in the register maintained 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 minor or major continuing failure has been noticed in the internal control system.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion, that the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been properly entered in the said register.
- (b) In our opinion and according to the information and explanations given to us, the transactions entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value by rupees five lakhs during the year in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit from the public.
- (vii) The Company has an Internal Audit System, which in our opinion, is commensurate with its 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 generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investors Education and Protection Fund, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess and other statutory dues with the appropriate authorities. However, there have been few delays in respect of Value Added tax, Customs duty and Income tax deducted at source. The die casting divisions at Belagondapalli, Hosur and Mahindra World City, Kancheepuram are not covered under the Employees' State Insurance Act, 1948.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, and Cess were in arrears, as at 31<sup>st</sup> March 2013 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 authorities concerned.

## Sundaram-Clayton Limited

| Name of the statute                           | Nature of dues                              | Amount (Rs. in crore) | Forum where dispute is pending                             |
|---|---|-----------------------|--|
| Income Tax Act, 1961                          | Income Tax                                  | (a) 1.88              | Commissioner of Income Tax (Appeals), Chennai              |
|   |   | (b) 0.50              | The Hon'ble High Court of Judicature at Madras             |
| Total   |   | 2.38                  |  |
| Central Excise Act, 1944                      | Excise duty                                 | (a) 0.06              | The Hon'ble High Court of Judicature at Madras             |
|   |   | (b) 9.74              | Commissioner of Central Excise, Chennai                    |
| Total   |   | 9.80                  |  |
| Finance Act, 1994                             | Service tax                                 | (a) 0.59              | Central Excise and Service Tax Appellate Tribunal, Chennai |
|   |   | (b) 0.46              | Commissioner (Appeals), Chennai                            |
|   |   | (c) 0.88              | Commissioner of Central Excise, Chennai                    |
|   |   | (d) 0.15              | Additional Commissioner of Central Excise, Chennai         |
|   |   | (e) 0.20              | Joint Commissioner of Service tax, Chennai                 |
|   |   | (f) 1.84              | Commissioner of Service tax, Chennai                       |
|   |   | (g) 0.05              | Additional Commissioner of Service tax, Chennai            |
|   |   | (h) 0.03              | Assistant Commissioner of Service tax, Chennai             |
| Total   |   | 4.20                  |  |
| Tamilnadu Town and Country Planning Act, 1971 | Fee payable to CMDA / Municipal Authorities | 0.97                  | The Hon'ble High Court of Judicature at Madras             |

- (x) The Company neither has accumulated losses as at the end of the financial year nor has incurred cash losses during the financial year and in the immediately preceding financial year.
- (xi) Based on our verification and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to its banks.
- (xii) Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit / nidhi / mutual benefit fund / society and as such this clause of the Order is not applicable.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments other than in mutual fund investments. Proper records have been maintained in respect of these transactions and contracts and timely entries have been made therein. The investments are held by the Company in its own name and are held as long-term investments.
- (xv) In our opinion, the terms and conditions of guarantees given by the Company for loans taken by others are not prejudicial to the interests of the Company.
- (xvi) The term loans availed by the Company were utilised for the purpose for which the loans were obtained.
- (xvii) On the basis of our examination, the Company has not used funds raised on short-term basis for long-term investments.
- (xviii) During the year the Company has not allotted any shares on preferential basis to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) During the year, the Company has not issued any secured debenture.
- (xx) During the year the Company has not raised any money by public issue.
- (xxi) During the year the Company had come across a fraud perpetrated by one of its employees causing a loss of about Rs.0.51 crores. However, the Company has recovered the entire amount from the employee before the end of the accounting year.

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

M. BALASUBRAMANIAM  
Partner  
Membership No. F7945

Chennai  
8<sup>th</sup> May 2013

## Sundaram-Clayton Limited

### Balance Sheet as at 31<sup>st</sup> March 2013

(Rupees in crores)

|  | Note<br>number | As at<br>31.03.2013 | As at<br>31.03.2012 |
|--|----------------|---------------------|---------------------|
| <b>I. EQUITY AND LIABILITIES</b>                                   |                |                     |                     |
| <b>1 Shareholders' funds</b>                                       |                |                     |                     |
| (a) Share capital  | I              | 9.48                | 9.48                |
| (b) Reserves and surplus   | II             | 282.58              | 273.01              |
| <b>2 Non-current liabilities</b>                                   |                |                     |                     |
| (a) Long-term borrowings   | III            | 129.92              | 109.16              |
| (b) Deferred tax liabilities (Net)                                 |                | 16.89               | 20.01               |
| (c) Long-term provisions   | IV             | 13.77               | 13.46               |
| <b>3 Current liabilities</b>                                       |                |                     |                     |
| (a) Short-term borrowings  | V              | 257.58              | 218.56              |
| (b) Trade payables   |                | 107.41              | 101.65              |
| (c) Other current liabilities                                      | VI             | 68.77               | 130.92              |
| (d) Short-term provisions  | VII            | 27.61               | 43.20               |
| <b>Total</b>   |                | 914.01              | 919.45              |
| <b>II. ASSETS</b>  |                |                     |                     |
| <b>Non-current assets</b>  |                |                     |                     |
| <b>1 (a) Fixed assets</b>  |                |                     |                     |
| (i) Tangible assets  | VIII           | 396.28              | 309.53              |
| (ii) Intangible assets   | VIII           | 0.26                | 0.79                |
| (iii) Capital work-in-progress                                     | VIII           | 12.26               | 84.66               |
| (b) Non-current investments  | IX             | 56.21               | 51.63               |
| (c) Long-term loans and advances                                   | X              | 23.38               | 22.68               |
| <b>2 Current assets</b>  |                |                     |                     |
| (a) Current investments  | XI             | –                   | 6.43                |
| (b) Inventories  | XII            | 200.55              | 191.70              |
| (c) Trade receivables  | XIII           | 160.78              | 158.53              |
| (d) Cash and cash equivalents                                      | XIV            | 2.14                | 6.81                |
| (e) Short-term loans and advances                                  | XV             | 59.20               | 82.83               |
| (f) Other current assets   | XVI            | 2.95                | 3.86                |
| <b>Total</b>   |                | 914.01              | 919.45              |
| Accounting Standards, additional disclosures and notes on accounts | XXIII          |                     |                     |

VENU SRINIVASAN  
*Chairman & Managing Director*

GOPAL SRINIVASAN  
*Director*

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

Chennai  
8<sup>th</sup> May 2013

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

R RAJA PRAKASH  
*Company Secretary*

M BALASUBRAMANIAM  
*Partner*  
Membership No. F7945

## Sundaram-Clayton Limited

### Statement of Profit & Loss for the year ended 31<sup>st</sup> March 2013

|      |   | (Rupees in crores)       |                          |
|------|---|--------------------------|--------------------------|
|      |   | Year ended<br>31.03.2013 | Year ended<br>31.03.2012 |
|      | Note<br>number  |                          |                          |
| I    | Revenue from operations   | 1,018.56                 | 1,017.00                 |
| II   | Other income  | 38.12                    | 34.23                    |
| III  | Total Revenue (I + II)  | 1,056.68                 | 1,051.23                 |
| IV   | Expenses:   |                          |                          |
|      | Cost of materials consumed  | 525.07                   | 549.27                   |
|      | Changes in inventories of finished goods, work-in-process<br>and Stock-in-Trade                             | (7.15)                   | (13.15)                  |
|      | Employee benefits expense   | 133.23                   | 119.43                   |
|      | Finance costs   | 44.32                    | 38.42                    |
|      | Depreciation and amortization expense   | 51.25                    | 47.34                    |
|      | Other expenses  | 277.66                   | 254.34                   |
|      | Total expenses  | 1,024.38                 | 995.65                   |
| V    | Profit before exceptional items and tax (III-IV)  | 32.30                    | 55.58                    |
| VI   | Exceptional item - Profit on sale of long term investments  | -                        | 25.34                    |
| VII  | Profit before tax (V + VI)  | 32.30                    | 80.92                    |
| VIII | Tax expense:  |                          |                          |
|      | (1) Current tax   | -                        | 10.35                    |
|      | (2) Deferred tax  | (3.12)                   | (1.72)                   |
| IX   | Profit/(Loss) for the year from continuing operations (VII-VIII)  | 35.42                    | 72.29                    |
| X    | Profit/(Loss) from discontinuing operations<br>(Current year - Nil; Last year Rs.45,290)                    | -                        | -                        |
| XI   | Tax expense of discontinuing operations<br>(Current year - Nil; Last year Rs.9,000)                         | -                        | -                        |
| XII  | Profit/(Loss) from discontinuing operations (after tax) (X-XI)<br>(Current year - Nil; Last year Rs.36,290) | -                        | -                        |
| XIII | Profit/(Loss) for the year (IX + XII)   | 35.42                    | 72.29                    |
| XIV  | Earnings per equity share [Vide Note No XXIII (1) (t)]:   |                          |                          |
|      | (1) Basic (in Rs.)  | 18.67                    | 30.13                    |
|      | (2) Diluted (in Rs.)  | 18.67                    | 30.13                    |
|      | Accounting Standards, additional disclosures and notes on accounts  | XXIII                    |                          |

VENU SRINIVASAN  
*Chairman & Managing Director*

GOPAL SRINIVASAN  
*Director*

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

Chennai  
8<sup>th</sup> May 2013

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

R RAJA PRAKASH  
*Company Secretary*

M BALASUBRAMANIAM  
*Partner*  
Membership No. F7945

## Sundaram-Clayton Limited

### Notes on accounts

| Particulars   | As at 31.03.2013   |                     | As at 31.03.2012   |                     |
|---|--------------------|---------------------|--------------------|---------------------|
|   | Number             | Rupees<br>in crores | Number             | Rupees<br>in crores |
| <b>I. SHARE CAPITAL</b>   |                    |                     |                    |                     |
| (a) Details of authorised, issued and subscribed share capital  |                    |                     |                    |                     |
| <b>Authorised Capital</b>   |                    |                     |                    |                     |
| Equity Shares of Rs.5/- each  | 5,00,00,000        | 25.00               | 5,00,00,000        | 25.00               |
| <b>Issued,Subscribed &amp; Paid up Capital</b>  |                    |                     |                    |                     |
| Equity Shares of Rs.5/- each fully paid   | 1,89,67,584        | 9.48                | 1,89,67,584        | 9.48                |
| Out of the above:   |                    |                     |                    |                     |
| Equity shares allotted as fully paid up by way of bonus shares in the five years immediately preceding the date of Balance Sheet:   |                    |                     |                    |                     |
| a) Number of shares - 1,89,67,584   |                    |                     |                    |                     |
| b) Year of allotment - Year ended 31 <sup>st</sup> March, 2010.   | <u>1,89,67,584</u> | <u>9.48</u>         | <u>1,89,67,584</u> | <u>9.48</u>         |
| (b) Reconciliation of equity shares outstanding at the beginning and at the end of 31 <sup>st</sup> March 2013  |                    |                     |                    |                     |
| Shares outstanding at the beginning of the year   | 1,89,67,584        | 9.48                | 3,79,35,168        | 18.96               |
| Shares Issued during the year   | -                  | -                   | -                  | -                   |
| Reduction pursuant to composite scheme of arrangement sanctioned by the Honourable High Court of Judicature at Madras (vide its order dated 03-08-2012)   | -                  | -                   | (1,89,67,584)      | (9.48)              |
| Shares outstanding at the end of the year   | <u>1,89,67,584</u> | <u>9.48</u>         | <u>1,89,67,584</u> | <u>9.48</u>         |
| (c) i) Rights and preferences attached to equity share:   |                    |                     |                    |                     |
| Every shareholder is entitled to such rights as to attend the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the Company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act 1956. |                    |                     |                    |                     |
| ii) There are no restrictions attached to equity shares.  |                    |                     |                    |                     |
| (d) Details of shares held by holding/ultimate holding/subsidiaries/associates of holding company at the end of 31 <sup>st</sup> March 2013   |                    |                     |                    |                     |

| Name of Shareholder                          | Relationship      | Class<br>of<br>Share | As at 31.03.2013      |                 | As at 31.03.2012      |                 |
|--|-------------------|----------------------|-----------------------|-----------------|-----------------------|-----------------|
|  |                   |                      | No. of<br>shares held | % of<br>holding | No. of<br>shares held | % of<br>holding |
| T V Sundram Iyengar & Sons Limited - Madurai | Holding company   | Equity               | 38,07,330             | 20.07           | 38,07,330             | 20.07           |
| Sundaram Industries Limited - Madurai        | Fellow Subsidiary | Equity               | 60,62,522             | 31.96           | 60,62,522             | 31.96           |
| Southern Roadways Limited - Madurai          | Fellow Subsidiary | Equity               | 30,31,127             | 15.98           | 30,31,127             | 15.98           |

(e) Details of shareholders holding more than five percent at the end of 31<sup>st</sup> March 2013 (other than I (d))

| Name of Shareholder                | Class of Share | As at 31.03.2013      |                 | As at 31.03.2012      |                 |
|------------------------------------|----------------|-----------------------|-----------------|-----------------------|-----------------|
|                                    |                | No. of<br>shares held | % of<br>holding | No. of<br>shares held | % of<br>holding |
| Sundaram Finance Limited - Chennai | Equity         | 22,73,085             | 11.98           | 22,73,085             | 11.98           |

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

| Particulars   | (Rupees in crores) |                  |
|---|--------------------|------------------|
|   | As at 31.03.2013   | As at 31.03.2012 |
| <b>II. RESERVES AND SURPLUS</b>   |                    |                  |
| <b>a. General Reserve</b>   |                    |                  |
| Opening Balance   | 210.55             | 180.53           |
| Add: Transfer from the statement of Profit and Loss                     | 3.54               | 7.23             |
| Transfer from capital reserves  | –                  | 22.79            |
| Closing Balance   | <u>214.09</u>      | <u>210.55</u>    |
| <b>b. Foreign Currency Monetary Item Translation Difference Account</b> |                    |                  |
| Opening Balance   | (0.70)             | –                |
| Add: Created during the year  | (0.97)             | (0.96)           |
| Less: Transfer to Other Expenses  | (1.67)             | (0.26)           |
| Closing Balance   | <u>–</u>           | <u>(0.70)</u>    |
| <b>c. Surplus i.e. balance in Statement of Profit and Loss</b>          |                    |                  |
| Opening balance   | 63.16              | 26.84            |
| Add: Net Profit for the current year                                    | 35.42              | 98.58            |
| Less: Allocations / Appropriations                                      |                    | <u>72.29</u>     |
| First Interim Dividend Paid   | 17.07              | –                |
| Second interim dividend payable   | 9.48               | –                |
| Interim Dividend payable  | –                  | 21.81            |
| Dividend tax **   | –                  | 3.54             |
| Tax relating to earlier years   | –                  | 3.39             |
| Transfer to general reserve   | 3.54               | 7.23             |
| Closing Balance   | <u>68.49</u>       | <u>63.16</u>     |
| Total (e) = (a+b+c+d)   | <u>282.58</u>      | <u>273.01</u>    |

\*\* The Company has setoff its dividend distribution tax payable (in full) under section 115-O (1A) of the Income Tax Act, 1961 against the dividend distribution tax paid by one of the subsidiary companies on the dividend declared.

### III. LONG-TERM BORROWINGS

|                      |               |               |
|----------------------|---------------|---------------|
| <b>(a) Secured</b>   |               |               |
| Term loans           |               |               |
| From banks           | 126.92        | 107.66        |
| <b>(b) Unsecured</b> |               |               |
| From other parties   | 3.00          | 1.50          |
| <b>Total</b>         | <u>129.92</u> | <u>109.16</u> |

#### Details of repayment terms of Long term loans

(Rupees in crores)

| Total of loans repayable | Loans repayable in 2012-13 (Current maturity) | Balance long term loans as at 31-03-2012 | Description                        | Frequency      | No. of instalments due | Maturity                | Total of loans repayable | Loans repayable in 2013-14 (Current maturity) | Balance long term loans as at 31-03-2013 |
|--------------------------|---|--|------------------------------------|----------------|------------------------|-------------------------|--------------------------|---|--|
| 9.58                     | 9.58  | –  | External Commercial Borrowings- I  | Half Yearly    | –                      | –                       | –                        | –   | –  |
| 30.45                    | 20.30   | 10.15                                    | External Commercial Borrowings- II | Half Yearly    | –                      | –                       | –                        | –   | –  |
| 12.47                    | 12.47   | –  | Rupee Term Loan I                  | Quarterly      | –                      | –                       | –                        | –   | –  |
| 50.00                    | 7.14  | 42.86                                    | Rupee Term Loan II                 | Quarterly      | 12                     | February 2016           | 42.86                    | 14.29   | 28.57                                    |
| 50.00                    | 12.50   | 37.50                                    | Rupee Term Loan III                | Half Yearly    | 6                      | March 2016              | 37.50                    | 12.50   | 25.00                                    |
| –                        | –   | –  | Rupee Term Loan IV                 | Quarterly      | 12                     | December 2017           | 45.00                    | –   | 45.00                                    |
| 17.15                    | –   | 17.15                                    | Buyer's credit                     | Bullet payment | NIL                    | July 2014 to April 2015 | 28.35                    | –   | 28.35                                    |
| 169.65                   | 61.99   | 107.66                                   | Sub-total                          |                |                        |                         | 153.71                   | 26.79   | 126.92                                   |
| 1.50                     | –   | 1.50                                     | Soft loan - Unsecured              | Yearly         |                        |                         | 3.00                     | –   | 3.00                                     |
| 171.15                   | 61.99   | 109.16                                   | Total                              |                |                        |                         | 156.71                   | 26.79   | 129.92                                   |



## Sundaram-Clayton Limited

### Notes on accounts – (continued)

#### III. LONG-TERM BORROWINGS – (continued)

Details of securities created

- (i) Rupee Term Loans:  
Secured by first and exclusive charge on specific plant and equipment situated at the Company's factories.
- (ii) Buyer's credit  
Secured by exclusive charge on specific plant and equipment situated at the Company's factories.
- (iii) Soft loan is repayable in 5 yearly instalments " from the start of commercial sale of the product produced in the commercial plant, or a new producing plant installed on the basis of result of the Technology Development and Demonstration Programme (TDDP) project, whichever is earlier ".

Amount payable in each instalment

| Description   | Currency | Amount       |
|---------------|----------|--------------|
| Term Loan II  | INR      | 3.573 crores |
| Term Loan III | INR      | 6.250 crores |
| Term Loan IV  | INR      | 3.750 crores |

(Rupees in crores)

As at 31.03.2013

As at 31.03.2012

#### IV. LONG-TERM PROVISIONS

|                       |              |              |
|-----------------------|--------------|--------------|
| (a) Employee benefits |              |              |
| (i) Pension           | 10.02        | 9.99         |
| (ii) Leave salary     | 1.80         | 1.52         |
| (b) Others            |              |              |
| Sales Tax             | 1.95         | 1.95         |
| <b>Total</b>          | <u>13.77</u> | <u>13.46</u> |

#### V. SHORT-TERM BORROWINGS

|                                 |               |               |
|---------------------------------|---------------|---------------|
| (a) Secured                     |               |               |
| From banks- Repayable on demand | 211.09        | 139.76        |
| (b) Unsecured                   |               |               |
| From banks- Short term          | 46.49         | 78.80         |
| <b>Total</b>                    | <u>257.58</u> | <u>218.56</u> |

Details of securities created for loans availed and referred to in V(a) above:

First charge by way of hypothecation of current assets viz., stocks of raw materials, semi finished and finished goods, stores and spares not relating to plant and equipment, bills receivable, book debts and all other movables in all plants.

#### VI. OTHER CURRENT LIABILITIES

|  |              |               |
|--|--------------|---------------|
| (a) Current maturities of long-term debt       |              |               |
| Term loans                                     | 26.79        | 61.99         |
| (b) Interest accrued but not due on borrowings | 2.57         | 2.18          |
| (c) Unpaid dividends                           | 0.55         | 0.38          |
| (d) Others                                     |              |               |
| (i) Tax deducted at source payable             | 1.60         | 1.03          |
| (ii) Sales tax payable                         | 1.77         | 4.97          |
| (iii) Employee related                         | 7.40         | 6.93          |
| (iv) For expenses                              | 10.13        | 25.43         |
| (v) Advance received                           | 17.96        | 15.15         |
| (vi) Capital goods                             | -            | 12.86         |
| <b>Total</b>                                   | <u>68.77</u> | <u>130.92</u> |

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

|   | (Rupees in crores) |                  |
|---|--------------------|------------------|
|   | As at 31.03.2013   | As at 31.03.2012 |
| <b>VII. SHORT-TERM PROVISIONS</b>   |                    |                  |
| (a) Employee benefit - Pension  | 12.54              | 12.50            |
| (b) Employee benefit - Leave salary   | 1.14               | 0.83             |
| (c) Warranty  | 2.96               | 2.83             |
| (d) Interim dividend payable  | 9.48               | 21.81            |
| (e) Dividend tax payable  | –                  | 3.54             |
| (f) Provision for taxation (net of advance tax of Rs.11.91 crores; PY Rs.4.18 crores) | 1.49               | 1.69             |
| <b>Total</b>  | 27.61              | 43.20            |

### VIII. NON-CURRENT ASSETS - FIXED ASSETS

(Rupees in crores)

| Description                                 | Tangible  |            |           |                   |                      |                  |          | Intangible* (Software) |            | Total (tangible and intangible) |            |            |            |
|---|-----------|------------|-----------|-------------------|----------------------|------------------|----------|------------------------|------------|---------------------------------|------------|------------|------------|
|   | Land      |            | Buildings | Plant & equipment | Furniture & fixtures | Office equipment | Vehicles | Total as at            |            | As at                           |            |            |            |
|   | Free hold | Lease hold |           |                   |                      |                  |          | 31/03/2013             | 31/03/2012 | 31/03/2013                      | 31/03/2012 | 31/03/2013 | 31/03/2012 |
| Cost of assets                              |           |            |           |                   |                      |                  |          |                        |            |                                 |            |            |            |
| As at 01-04-2012                            | 3.53      | 9.23       | 62.19     | 461.26            | 6.71                 | 12.03            | 11.47    | 566.42                 | 563.76     | 3.71                            | 2.19       | 570.13     | 565.95     |
| Acquisition through amalgamation            | –         | –          | –         | –                 | –                    | –                | –        | –                      | 1.72       | –                               | –          | –          | 1.72       |
| Additions #                                 | –         | 1.68       | 42.58     | 93.73             | 0.96                 | 1.75             | 4.65     | 145.35                 | 58.87      | 0.51                            | 1.52       | 145.86     | 60.39      |
| Sub-total                                   | 3.53      | 10.91      | 104.77    | 554.99            | 7.67                 | 13.78            | 16.12    | 711.77                 | 624.35     | 4.22                            | 3.71       | 715.99     | 628.06     |
| Sales / Deletion / Amortisation             | –         | (0.17) **  | –         | (11.74)           | (0.01)               | (0.14)           | (1.29)   | (13.35)                | (57.93)    | –                               | –          | (13.35)    | (57.93)    |
| <b>Total</b>                                | 3.53      | 10.74      | 104.77    | 543.25            | 7.66                 | 13.64            | 14.83    | 698.42                 | 566.42     | 4.22                            | 3.71       | 702.64     | 570.13     |
| Depreciation and amortisation               |           |            |           |                   |                      |                  |          |                        |            |                                 |            |            |            |
| Upto 31-03-2012                             | –         | –          | 13.47     | 228.79            | 2.55                 | 8.32             | 3.76     | 256.89                 | 230.81     | 2.92                            | 1.85       | 259.81     | 232.66     |
| Acquisition through amalgamation            | –         | –          | –         | –                 | –                    | –                | –        | –                      | 0.19       | –                               | –          | –          | 0.19       |
| For the year                                | –         | –          | 3.02      | 44.22             | 0.48                 | 1.28             | 1.21     | 50.21                  | 46.27      | 1.04                            | 1.07       | 51.25      | 47.34      |
| Sub-total                                   | –         | –          | 16.49     | 273.01            | 3.03                 | 9.60             | 4.97     | 307.10                 | 277.27     | 3.96                            | 2.92       | 311.06     | 280.19     |
| Withdrawn on assets sold / deleted          | –         | –          | –         | (3.69)            | (0.01)               | (0.13)           | (1.13)   | (4.96)                 | (20.38)    | –                               | –          | (4.96)     | (20.38)    |
| <b>Total</b>                                | –         | –          | 16.49     | 269.32            | 3.02                 | 9.47             | 3.84     | 302.14                 | 256.89     | 3.96                            | 2.92       | 306.10     | 259.81     |
| Written down value                          |           |            |           |                   |                      |                  |          |                        |            |                                 |            |            |            |
| As at 31-03-2013                            | 3.53      | 10.74      | 88.28     | 273.93            | 4.64                 | 4.17             | 10.99    | 396.28                 | –          | 0.26                            | –          | 396.54     | –          |
| As at 31-03-2012                            | 3.53      | 9.23       | 48.72     | 232.47            | 4.16                 | 3.71             | 7.71     | –                      | 309.53     | –                               | 0.79       | –          | 310.32     |
| <b>CAPITAL WORK-IN-PROGRESS (AT COST) #</b> |           |            |           |                   |                      |                  |          |                        |            |                                 |            |            |            |
| (a) Building                                |           |            |           |                   |                      |                  |          |                        |            |                                 |            | 0.31       | 30.53      |
| (b) Plant & equipment                       |           |            |           |                   |                      |                  |          |                        |            |                                 |            | 11.95      | 54.13      |
| <b>Total</b>                                |           |            |           |                   |                      |                  |          |                        |            |                                 |            | 12.26      | 84.66      |

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

\*\* Charged under the head Rent paid

# Addition includes loss arising on account of restatement of external commercial borrowings attributable to acquisition of plant and equipment amounting to Rs.4.86 crores (previous year loss - Rs.8.44 crores) - vide notes on accounts Note No. XXIII (1)(k) under Accounting Standard -11.

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

| Particulars   | (Rupees in crores) |                  |
|---|--------------------|------------------|
|   | As at 31.03.2013   | As at 31.03.2012 |
| <b>IX. NON-CURRENT INVESTMENTS</b>                          |                    |                  |
| <b>A Trade Investments</b>                                  |                    |                  |
| (a) Investments in Equity instruments                       | 27.07              | 25.31            |
| (b) Investments in Preference shares                        | 10.01              | 10.01            |
| (c) Investments in Private equity instruments               | 9.68               | 10.87            |
| Total - Trade Investments                                   | <u>46.76</u>       | <u>46.19</u>     |
| Less : Provision for diminution in the value of investments | –                  | 0.11             |
| Net Total - Trade Investments (A)                           | <u>46.76</u>       | <u>46.08</u>     |
| <b>B Other Investments</b>                                  |                    |                  |
| Employees' pension related investments                      | 9.45               | 5.55             |
| Total Other Investments (B)                                 | <u>9.45</u>        | <u>5.55</u>      |
| <b>Total (A + B)</b>  | <u>56.21</u>       | <u>51.63</u>     |

\* Note: All investments are carried at cost. Provision for diminution in value of investments has been created wherever necessary.

#### Details of Non-current investments

| Sl. No.                     | Name of the body corporate  | Subsidiary/ associate/ JV/controlled entity | No. of shares / units |                  | Extent of holding (%) |                  | Rupees in crores |                  |
|-----------------------------|---|---|-----------------------|------------------|-----------------------|------------------|------------------|------------------|
|                             |   |   | As at 31.03.2013      | As at 31.03.2012 | As at 31.03.2013      | As at 31.03.2012 | As at 31.03.2013 | As at 31.03.2012 |
| <b>A. Trade Investments</b> |   |   |                       |                  |                       |                  |                  |                  |
| (a)                         | Investment in Equity Instruments - Fully paid-up  |   |                       |                  |                       |                  |                  |                  |
| (i)                         | Quoted  |   |                       |                  |                       |                  |                  |                  |
|                             | TVS Motor Company Limited, Chennai  | Subsidiary                                  | 27,26,82,786          | 27,26,82,786     | 57.40%                | 57.40%           | 19.59            | 19.59            |
|                             | Suprajit Engineering Limited, Bengaluru   | Others                                      | 57,72,000             | 57,72,000        | –                     | –                | 0.43             | 0.43             |
|                             | Harita Seating Systems Limited, Chennai   | Others                                      | 7,280                 | 7,280            | –                     | –                | 0.04             | 0.04             |
|                             | India Nippon Electricals Limited, Chennai   | Others                                      | –                     | 2,945            | –                     | –                | –                | 0.02             |
|                             | Eicher Motors Limited, New Delhi - Cost Rs.2,968  | Others                                      | –                     | 100              | –                     | –                | –                | –                |
|                             | Mahindra & Mahindra Limited, Mumbai - Cost Rs.945.48  | Others                                      | –                     | 92               | –                     | –                | –                | –                |
|                             | Kinetic Engineering Limited, Pune - Cost Rs.8,400/-   | Others                                      | –                     | 60               | –                     | –                | –                | –                |
|                             | Bajaj Auto Limited, Pune - Cost Rs.348/-  | Others                                      | –                     | 50               | –                     | –                | –                | –                |
|                             | Hero Motocorp Limited, New Delhi - Cost Rs.186/-  | Others                                      | –                     | 50               | –                     | –                | –                | –                |
|                             | Premier Limited, Mumbai (formerly known as Premier Automobiles Limited) - Cost Rs.1,327/-                                   | Others                                      | –                     | 50               | –                     | –                | –                | –                |
|                             | LML Limited, Kanpur - Cost Rs.250/-   | Others                                      | –                     | 25               | –                     | –                | –                | –                |
|                             | Summit Securities Limited, Mumbai   | Others                                      | –                     | 11               | –                     | –                | –                | –                |
| (ii)                        | Unquoted  |   |                       |                  |                       |                  |                  |                  |
|                             | TVS Energy Limited, Chennai   | Subsidiary                                  | 45,00,000             | 45,00,000        | 5.54%                 | 5.54%            | 4.50             | 4.50             |
|                             | Sundaram-Clayton (USA) Limited, USA - Cost Rs.5,572.75  | Subsidiary                                  | 100                   | –                | 100%                  | 100%             | –                | –                |
|                             | TVS Training and Services Limited, Chennai  | Associate                                   | 20,00,000             | –                | 43.96%                | –                | 2.00             | 0.50             |
|                             | TVS Finance and Services Limited, Chennai   | Others                                      | 78,00,000             | 78,00,000        | –                     | –                | 0.01             | 0.01             |
|                             | Sundram Non Conventional Energy Systems Limited, Chennai  | Associate                                   | 1,17,650              | 1,17,650         | 23.53%                | 23.53%           | 0.12             | 0.12             |
|                             | Sai Regency Power Corporation Private Limited, Chennai  | Others                                      | 3,75,000              | –                | –                     | –                | 0.38             | –                |
|                             | L P Polymers Limited, Hyderabad   | Others                                      | –                     | 1,00,000         | –                     | –                | –                | 0.10             |
|                             | PAL Peugeot Limited, New Delhi (Cost LY Rs.4,000)   | Others                                      | –                     | 400              | –                     | –                | –                | –                |
|                             | Shree Chamundi Mopeds Limited, Tumkur (under liquidation) (Cost LY Rs. 2,400)   | Others                                      | –                     | 100              | –                     | –                | –                | –                |
|                             | DCM Daewoo Motors Limited, New Delhi (Cost LY Rs.2,050)   | Others                                      | –                     | 100              | –                     | –                | –                | –                |
|                             | Orkay Industries Limited, Mumbai (Cost LY Rs.790)   | Others                                      | –                     | 38               | –                     | –                | –                | –                |
|                             | Athena Financial Services Limited, Pune (Cost LY Rs.1,500)  | Others                                      | –                     | 33               | –                     | –                | –                | –                |
|                             | <b>Total (a)</b>  |   |                       |                  |                       |                  | 27.07            | 25.31            |
| (b)                         | Investment in Preference shares - Fully paid-up   |   |                       |                  |                       |                  |                  |                  |
|                             | Unquoted  |   |                       |                  |                       |                  |                  |                  |
|                             | TVS Finance and Services Limited, Chennai - 6% Non Cumulative Non convertible Redeemable Preference Shares                  | Others                                      | 75,68,000             | 75,68,000        | –                     | –                | 0.01             | 0.01             |
|                             | TVS Finance and Services Limited, Chennai - 9% Non Cumulative Non convertible Redeemable Preference Shares - Cost Rs.57,347 | Others                                      | 57,34,650             | 57,34,650        | –                     | –                | –                | –                |
|                             | TVS Motor Services Limited, Chennai - Non Cumulative Preference Shares  | Others                                      | 1,00,00,000           | 1,00,00,000      | –                     | –                | 10.00            | 10.00            |
|                             | <b>Total (b)</b>  |   |                       |                  |                       |                  | 10.01            | 10.01            |

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

#### Details of Non-current investments - (continued)

| Sl. No.   | Name of the body corporate  | Subsidiary/ associate/ JV/controlled entity | No. of shares / units |                  | Extent of holding (%) |                  | Rupees in crores | Rupees in crores |
|-----------|---|---|-----------------------|------------------|-----------------------|------------------|------------------|------------------|
|           |   |   | As at 31.03.2013      | As at 31.03.2012 | As at 31.03.2013      | As at 31.03.2012 | As at 31.03.2013 | As at 31.03.2012 |
| (c)       | Investments in Private equity instruments   |   |                       |                  |                       |                  |                  |                  |
|           | TVS Shriram Growth fund Scheme 1 of TVS Capital Funds Limited, Chennai                          | Others                                      | 85,516.22             | 97,443           | -                     | -                | 8.55             | 9.74             |
|           | TVS Shriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai {vide note no.XXIII(6)} | Others                                      | 11,250                | 11,250           | -                     | -                | 1.13             | 1.13             |
|           | <b>Total (c)</b>  |   |                       |                  |                       |                  | 9.68             | 10.87            |
|           | <b>Total A (a+b+c)</b>  |   |                       |                  |                       |                  | 46.76            | 46.19            |
| <b>B.</b> | <b>Other Investments</b>  |   |                       |                  |                       |                  |                  |                  |
| (a)       | Investment in equity instruments - Partly paid-up- Unquoted                                     |   |                       |                  |                       |                  |                  |                  |
|           | Adyar Property Holding Company Limited, Chennai - Cost Rs. 7000                                 | Others                                      | 105                   | 105              | -                     | -                | -                | -                |
| (b)       | Employees' pension related  |   |                       |                  |                       |                  |                  |                  |
|           | ICICI Prudential Life Insurance Company Limited, Mumbai   | Others                                      | -                     | -                | -                     | -                | 5.23             | 5.55             |
|           | Life Insurance Corporation of India, Chennai  | Others                                      | -                     | -                | -                     | -                | 4.22             | -                |
|           | <b>Total B (a+b)</b>  |   |                       |                  |                       |                  | 9.45             | 5.55             |
|           | <b>Total (A)+(B)</b>  |   |                       |                  |                       |                  | 56.21            | 51.74            |

Note: All investments are carried at cost.

#### Summary of non-current investments

(Rupees in crores)

| Sl. No. | Particulars          | As at 31.03.2013 |              | As at 31.03.2012 |              |
|---------|----------------------|------------------|--------------|------------------|--------------|
|         |                      | Cost             | Market value | Cost             | Market value |
| (a)     | Quoted investments   | 20.07            | 900.10       | 20.08            | 1,129.61     |
| (b)     | Unquoted investments | 36.14            | -            | 31.66            | -            |
|         | <b>Total</b>         | 56.21            | 900.10       | 51.74            | 1,129.61     |

(Rupees in crores)

As at 31.03.2013                      As at 31.03.2012

### X. LONG-TERM LOANS AND ADVANCES

Unsecured, considered good

|  |              |              |
|--|--------------|--------------|
| (a) Capital advances   | 1.37         | 6.31         |
| (b) Deposits made  | 16.66        | 14.31        |
| (c) Advance payment of tax (net of provision of Rs.10.50 crores - Previous year Rs.17.98 crores) | 5.35         | 2.06         |
| <b>Total</b>   | <b>23.38</b> | <b>22.68</b> |

### XI. CURRENT INVESTMENTS

|   |          |             |
|---|----------|-------------|
| (a) Investments in Equity instruments                       | -        | 1.05        |
| (b) Investments in Mutual Funds                             | -        | 6.47        |
| <b>Total</b>  | <b>-</b> | <b>7.52</b> |
| Less : Provision for diminution in the value of investments | -        | 1.09        |
| Net realisable value  | <b>-</b> | <b>6.43</b> |

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

#### Details of Current investments – (continued)

| Sl. No. | Name of the body corporate   | Subsidiary/ associate/ JV/controlled entity / Others | No. of shares / units |                  | Quoted / Unquoted | Rupees in crores |                  |
|---------|--|--|-----------------------|------------------|-------------------|------------------|------------------|
|         |  |  | As at 31.03.2013      | As at 31.03.2012 |                   | As at 31.03.2013 | As at 31.03.2012 |
| (a)     | Investments in Equity Instruments - Fully paid-up                            |  |                       |                  |                   |                  |                  |
| (i)     | Arkay Energy (Rameswaram) Limited, Hyderabad                                 | Others   | –                     | 10,50,000        | Unquoted          | –                | 1.05             |
|         | <b>Total (a)</b>   |  |                       |                  |                   | –                | 1.05             |
| (b)     | Investments in Mutual Funds  |  |                       |                  |                   |                  |                  |
| i)      | L&T Mutual Fund, Mumbai (L & T Ultra Short Term Fund)                        | Others   | –                     | 97,342           | Quoted            | –                | 0.16             |
| ii)     | Reliance Mutual Fund, Mumbai (Reliance liquidity fund - Growth )             | Others   | –                     | 5,36,941         | Quoted            | –                | 0.84             |
| iii)    | Kotak Mutual Fund, Mumbai (Kotak Liquid Institutional growth )               | Others   | –                     | 9,73,575         | Quoted            | –                | 2.03             |
| iv)     | JM Financial Mutual Fund, Mumbai (JM Money Manager Fund )                    | Others   | –                     | 1,58,916         | Quoted            | –                | 0.24             |
| v)      | Sundaram Energy Opportunities Fund - Growth of Sundaram Mutual Fund, Chennai | Others   | –                     | 5,00,000         | Quoted            | –                | 0.50             |
| vi)     | SBI Magnum Comma Fund SBI Mutual Fund, Mumbai                                | Others   | –                     | 4,21,200         | Quoted            | –                | 1.20             |
| vii)    | Sundaram Capex Opportunities Growth Sundaram Mutual Fund, Chennai            | Others   | –                     | 4,54,707         | Quoted            | –                | 1.50             |
| viii)   | Morgan Stanley Growth Fund (Rs.5000) Morgan Stanley Mutual Fund, Mumbai      | Others   | –                     | 500              | Quoted            | –                | –                |
|         | <b>Total (b)</b>   |  |                       |                  |                   | –                | 6.47             |
|         | <b>Total (a)+(b)</b>   |  |                       |                  |                   | –                | 7.52             |

#### Summary of current investments

(Rupees in crores)

| Sl. No. | Particulars          | As at 31.03.2013 |              | As at 31.03.2012 |              |
|---------|----------------------|------------------|--------------|------------------|--------------|
|         |                      | Cost             | Market value | Cost             | Market value |
| (a)     | Quoted investments   | –                | –            | 6.47             | 5.43         |
| (b)     | Unquoted investments | –                | –            | 1.05             | –            |
|         | <b>Total</b>         | –                | –            | 7.52             | 5.43         |

(Rupees in crores)

As at 31.03.2013                      As at 31.03.2012

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

|  |               |               |
|--|---------------|---------------|
| (a) Raw Materials and components *                   | 24.93         | 24.83         |
| (b) Goods-in transit- Raw Materials and components * | 6.25          | 8.84          |
| (c) Work-in-process *                                | 19.82         | 21.64         |
| (d) Finished goods *                                 | 98.01         | 89.04         |
| (e) Stores and spares *                              | 51.54         | 47.35         |
| <b>Total</b>   | <u>200.55</u> | <u>191.70</u> |

Note: Work-in-process comprises of:

|   |              |              |
|---|--------------|--------------|
| (a) Semi finished castings pending for machining / under inspection | 17.99        | 16.31        |
| (b) Semi finished machined products                                 | 1.83         | 5.33         |
|   | <u>19.82</u> | <u>21.64</u> |

\* as certified by Chairman & Managing Director

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

|   | (Rupees in crores)  |                     |
|---|---------------------|---------------------|
|   | As at<br>31.03.2013 | As at<br>31.03.2012 |
| <b>XIII. TRADE RECEIVABLES</b>                                    |                     |                     |
| (a) Unsecured debts outstanding for a period exceeding six months |                     |                     |
| (i) Considered good   | 1.96                | 1.31                |
| (ii) Considered doubtful  | 3.60                | 4.03                |
|   | 5.56                | 5.34                |
| Less: Provision for doubtful debts                                | 3.60                | 4.03                |
|   | 1.96                | 1.31                |
| (b) Other unsecured debts (considered good)                       | 158.82              | 157.22              |
| <b>Total</b>  | 160.78              | 158.53              |
| <b>XIV. CASH AND CASH EQUIVALENTS</b>                             |                     |                     |
| (a) Balances with banks   | 1.49                | 3.60                |
| (b) Cheques/drafts on hand  | –                   | 2.76                |
| (c) Cash on hand  | 0.10                | 0.07                |
| (d) Earmarked balances with banks (for unpaid dividend)           | 0.55                | 0.38                |
| <b>Total</b>  | 2.14                | 6.81                |
| <b>XV. SHORT TERM LOANS AND ADVANCES</b>                          |                     |                     |
| Unsecured considered good:  |                     |                     |
| (a) Loans and advances to related parties                         | –                   | 14.85               |
| (b) Others:   |                     |                     |
| (i) Employee related  | 2.00                | 1.66                |
| (ii) Excise current account                                       | 14.16               | 16.72               |
| (iii) Vendor advance  | 31.59               | 41.50               |
| (iv) Prepaid Expenses   | 3.25                | 2.48                |
| (v) Export benefit  | 3.78                | 2.00                |
| (vi) VAT receivable   | 2.78                | 1.92                |
| (vii) Service Tax receivable                                      | 1.64                | 1.70                |
| <b>Total</b>  | 59.20               | 82.83               |
| <b>XVI. OTHER CURRENT ASSETS</b>                                  |                     |                     |
| (a) Claims receivable   | 2.30                | 3.60                |
| (b) Upfront fees on long term borrowings                          | 0.28                | –                   |
| (c) Premium on forward contracts                                  | 0.32                | 0.19                |
| (d) Interest accrued on investments and Loans & advances          | 0.05                | 0.07                |
| <b>Total</b>  | 2.95                | 3.86                |

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

|  | (Rupees in crores)       |                          |
|--|--------------------------|--------------------------|
|  | Year ended<br>31.03.2013 | Year ended<br>31.03.2012 |
| <b>XVII. REVENUE FROM OPERATIONS</b>   |                          |                          |
| (a) Sale of products   | 1,046.99                 | 1,035.24                 |
| (b) Sale of services #   | 18.02                    | 17.88                    |
| (c) Other operating revenues   | 23.50                    | 27.88                    |
|  | 1,088.51                 | 1,081.00                 |
| Less: Excise duty and service tax  | 69.95                    | 64.00                    |
|  | 1,018.56                 | 1,017.00                 |
| <i># Refer Note No. XXIII (12) for broad head of sale of services.</i>         |                          |                          |
| <b>XVIII. OTHER INCOME</b>   |                          |                          |
| (a) Interest income  | 0.44                     | 0.70                     |
| (b) Dividend   |                          |                          |
| (i) From subsidiary  | 35.45                    | 32.72                    |
| (ii) From others   | 0.76                     | 0.74                     |
| (c) Net gain on sale of investments  | 1.36                     | –                        |
| (d) Profit on sale of fixed assets   | 0.11                     | 0.07                     |
| <b>Total</b>   | 38.12                    | 34.23                    |
| <b>XIX. MATERIAL COST</b>  |                          |                          |
| Cost of Materials consumed   |                          |                          |
| Opening stock of raw materials and components                                  | 24.83                    | 22.68                    |
| Add: Purchases   | 525.17                   | 551.42                   |
|  | 550.00                   | 574.10                   |
| Less: Closing stock of raw materials and components                            | 24.93                    | 24.83                    |
| Cost of materials consumed   | 525.07                   | 549.27                   |
| Changes in inventories of finished goods, work-in-process and stock-in-trade:  |                          |                          |
| Opening stock:   |                          |                          |
| Work-in-process  | 21.64                    | 17.54                    |
| Finished goods   | 89.04                    | 79.99                    |
| <b>Total (A)</b>   | 110.68                   | 97.53                    |
| Closing stock:   |                          |                          |
| Work-in-process  | 19.82                    | 21.64                    |
| Finished goods   | 98.01                    | 89.04                    |
| <b>Total (B)</b>   | 117.83                   | 110.68                   |
| Changes in inventories (A)-(B)   | (7.15)                   | (13.15)                  |
| <i>Refer Note No. XXIII (16) (I) for broad head of raw materials consumed.</i> |                          |                          |
| <b>XX. EMPLOYEE BENEFITS EXPENSE</b>   |                          |                          |
| (a) Salaries and wages   | 109.39                   | 94.32                    |
| (b) Contribution to provident and other funds                                  | 7.30                     | 8.89                     |
| (c) Welfare expenses   | 16.54                    | 16.22                    |
| <b>Total</b>   | 133.23                   | 119.43                   |

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

|   | (Rupees in crores)       |                          |
|---|--------------------------|--------------------------|
|   | Year ended<br>31.03.2013 | Year ended<br>31.03.2012 |
| <b>XXI. FINANCE COSTS</b>   |                          |                          |
| (a) Interest expense  | 38.23                    | 33.53                    |
| (b) Other borrowing costs   | 0.57                     | 1.10                     |
| (c) Others-Exchange fluctuation   | 5.52                     | 3.79                     |
| <b>Total</b>  | 44.32                    | 38.42                    |
| <b>XXII. OTHER EXPENSES</b>   |                          |                          |
| (a) Consumption of stores, spares and tools*  | 74.31                    | 79.02                    |
| (b) Power and fuel*   | 59.02                    | 41.32                    |
| (c) Rent*   | 18.19                    | 4.74                     |
| (d) Repairs - buildings*  | 12.18                    | 9.99                     |
| (e) Repairs - plant and equipment*  | 16.22                    | 14.87                    |
| (f) Repairs - others*   | 0.61                     | 0.57                     |
| (g) Insurance   | 1.23                     | 0.99                     |
| (h) Rates and taxes excluding taxes on income   | 0.95                     | 0.97                     |
| (i) Audit fees (Vide Note No XXIII (7) in notes on accounts)  | 0.35                     | 0.29                     |
| (j) Packing and freight charges*  | 40.20                    | 44.83                    |
| (k) Warehousing charges   | 14.69                    | 12.64                    |
| (l) Diminution in the value of investments (i.e. adjustment to the carrying amount of investments)  | –                        | 0.31                     |
| (m) Net loss on sale of investments (net of gain of Rs.0.48 crores)   | –                        | 0.54                     |
| (n) Loss on sale of fixed assets  | 0.15                     | 0.12                     |
| (o) Amortisation of foreign currency monetary item translation difference account   | 1.67                     | 0.26                     |
| (p) Miscellaneous expenses* (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.1 lakh, whichever is higher) | 37.89                    | 42.88                    |
| <b>Total</b>  | 277.66                   | 254.34                   |

\* Net of recoveries

Refer Note No.XXIII (1) (e) on Accounting Standard - 5 for prior period items.



## Sundaram-Clayton Limited

### XXIII. ACCOUNTING STANDARDS, ADDITIONAL DISCLOSURES AND NOTES ON ACCOUNTS

(Rupees in crores)

| As at /<br>Year ended<br>31.03.2013 | As at /<br>Year ended<br>31.03.2012 |
|-------------------------------------|-------------------------------------|
|-------------------------------------|-------------------------------------|

#### PREAMBLE:

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

The method of accounting and compliance with various Accounting Standards is displayed below:

#### 1 Accounting Standards

##### a) AS - 1 Disclosure of Accounting policies

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

##### b) AS - 2 Valuation of Inventories

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

##### c) AS - 3 Cash flow statement

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

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

Disclosure of contingencies as required by the Accounting Standard is furnished in Note no - 6.

##### e) AS - 5 Net profit or loss for the period, prior period items and changes in accounting policies

###### i) Prior period debits included in statement of profit and loss:

|                  |      |      |
|------------------|------|------|
| Salaries & wages | -    | 0.03 |
| Other expenses   | 0.19 | 0.05 |

###### ii) There are no changes in accounting policies.

##### f) AS - 6 Depreciation accounting

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

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

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

##### 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 and from sale of services.

(a) Sale of products is recognised when goods are despatched through nominated logistics.

## Sundaram-Clayton Limited

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

(Rupees in crores)

|  | As at /<br>Year ended<br>31.03.2013 | As at /<br>Year ended<br>31.03.2012 |
|--|-------------------------------------|-------------------------------------|
|--|-------------------------------------|-------------------------------------|

(b) Income from services are recognised on completion of services and when invoices are raised

(c) Export sales are recognised on the basis of net export certificates

Interest income is recognised on a time proportion basis taking into account the amount outstanding and rate applicable.

Dividend from investments is recognised when the company in which they are held declares the dividend and when the right to receive is established.

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

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

All the fixed assets are valued at cost including expenditure incurred in bringing them to usable condition as reduced by depreciation.

**k) AS - 11 Effects of changes in Foreign Exchange rates**

**Foreign currency transactions**

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

In terms of Companies (Accounting Standards) Amendment Rules, 2009, and Companies (Accounting Standards) Amendment Rules, 2011 on Accounting Standard-11 (AS-11), notified by the Government of India, the Company has opted to adjust the changes in foreign exchange rates relating to long term foreign currency monetary items to the carrying cost of fixed asset and to Foreign Currency Monetary Item Translation Difference Account.

The impact is set out below:

|   |        |        |
|---|--------|--------|
| Gain / (Loss) arising from changes in foreign exchange rates relating to depreciable capital assets reduced / added to carrying cost of such assets | (4.86) | (8.44) |
|---|--------|--------|

|   |        |        |
|---|--------|--------|
| Gain / (Loss) arising from changes in foreign exchange rates relating to other long term foreign currency monetary items (not relating to acquisition of depreciable assets) credited / debited to "Foreign Currency Monetary Item Translation Difference Account". | (0.97) | (0.96) |
|---|--------|--------|

|   |        |        |
|---|--------|--------|
| Amortisation of "Foreign Currency Monetary Item Translation Difference Account" by crediting / (debiting) the Statement of Profit & Loss. | (1.67) | (0.26) |
|---|--------|--------|

**a) Derivative instruments:**

Derivative contracts are entered into by the Company only based on underlying exposures. The Company has not entered into any derivative contracts of a speculative nature.

**b) Currency Option:**

The company has entered into European Currency options contract to limit the foreign exchange risk covering the total trade credit availed for USD 5.22 Million. The cost of option is apportioned over the period of the loan under the head Finance Cost.

|  |        |        |
|--|--------|--------|
| Net gain / (loss) on foreign exchange fluctuation credited / debited to statement of profit and loss - under Other expenses in Note no XXII (p). | (3.07) | (1.83) |
|--|--------|--------|

**l) AS - 12 Accounting for Government grants**

The Company has not received any grants from the Government.

## Sundaram-Clayton Limited

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

(Rupees in crores)

| As at /<br>Year ended<br>31.03.2013 | As at /<br>Year ended<br>31.03.2012 |
|-------------------------------------|-------------------------------------|
|-------------------------------------|-------------------------------------|

**m) AS - 13 Accounting for Investments**

Investments that are intended to be held for more than a year are classified as Non-current investments.

Long term investments are carried at cost. Provision for diminution in value, if any, is made to recognise a decline other than temporary in the value of investments.

Investment in TVS Shriram Growth Fund, Scheme 1B of TVS Capital Funds Limited, Chennai, viz., 11,250 units are carried at par value of Rs.1,000/- per unit aggregating to Rs.1.13 crores. However, the Fund has declared its Net Asset Value as at 31<sup>st</sup> March 2013 at Rs.935/- per unit. Thus, there is a diminution in value to the extent of Rs.65/- per unit aggregating to Rs.0.07 crores. This diminution is not provided for in the accounts as the management opines that the portfolio is relatively younger in its investment horizon of 4-5 years with life of the Fund of 7 years with returns commencing from year 4 onwards and hence the fall in value is only temporary. This opinion is based on the fact that the fund returns will start to rise steeply and the growth fund will make positive returns soon.

Investment in equity shares of Sai Regency Power Corporation Private Limited, Chennai - 3,75,000 equity shares.

The shares are acquired subject to the Memorandum and Articles of Association of the Investee Company and is further subject to restrictions on transfer as per the said Articles of Association.

Refer note no IX for aggregate value of quoted and unquoted investments

Provision for diminution in value of investments

|  |   |      |
|--|---|------|
| - Sundaram Energy Opportunities Fund (Growth) of Sundaram Mutual Fund, Chennai | - | 0.02 |
| - SBI Magnum Comma Fund of SBI Mutual Fund, Mumbai                             | - | 0.13 |
| - Sundaram Capex Opportunities Fund of Sundaram Mutual Fund, Chennai           | - | 0.17 |

**Total**

|  |   |      |
|--|---|------|
|  | - | 0.31 |
|--|---|------|

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

During the year there was no amalgamation.

**o) AS - 15 Accounting for employee benefits**

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

**A Defined contribution plans**

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

The Company's Provident Fund is exempted under Section 17 of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Exemption was granted subject to the condition that the employer shall make good deficiency, if any, in the interest rate declared by the Trust vis-à-vis statutory rate. If any such deficiency is determined, the same will be made good by the employer.

## Sundaram-Clayton Limited

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

|   |   | (Rupees in crores)                  |                                     |              |
|---|---|-------------------------------------|-------------------------------------|--------------|
|   |   | As at /<br>Year ended<br>31.03.2013 | As at /<br>Year ended<br>31.03.2012 |              |
| B Defined benefit plan  |   |                                     |                                     |              |
| (a) The Company extends defined benefit plans in the form of leave salary to employees. In addition, the Company also extends pension to senior managers of the Company. Provision for leave salary and pension is made on actuarial valuation basis. |   |                                     |                                     |              |
| (b) The Company also extends defined benefit plan in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of India in accordance with the scheme framed by the Corporation.                              |   |                                     |                                     |              |
| C Disclosure as required by Accounting Standard 15  |   |                                     |                                     |              |
|   |   | (Rupees in crores)                  |                                     |              |
|   |   | Leave<br>salary                     | Pension                             | Gratuity     |
| (a) Expenses recognised in the Statement of Profit and Loss   |   |                                     |                                     |              |
| (i)   | Current service cost  | 1.17                                | –                                   | 0.69         |
| (ii)  | Interest cost   | 0.12                                | 1.63                                | 0.72         |
| (iii)   | Expected return on plan assets  | –                                   | –                                   | (0.88)       |
| (iv)  | Net actuarial loss /(gain) recognised in the year                                     | 0.97                                | 2.66                                | 0.44         |
| <b>Total</b>  |   | <u>2.26</u>                         | <u>4.29</u>                         | <u>0.97</u>  |
| (b) Change in defined benefit obligation during the year ended 31 <sup>st</sup> March 2013  |   |                                     |                                     |              |
| (i)   | Present value of obligation as at beginning of the year (01.04.2012)                  | 2.35                                | 22.49                               | 8.95         |
| (ii)  | Interest cost   | 0.12                                | 1.63                                | 0.72         |
| (iii)   | Current service cost  | 1.17                                | –                                   | 0.69         |
| (iv)  | Benefits paid   | (1.67)                              | (4.22)                              | (0.33)       |
| (v)   | Actuarial loss on obligation  | 0.97                                | 2.66                                | 0.44         |
| (vi)  | Present value of obligation as at the end of the year (31.03.2013)                    | <u>2.94</u>                         | <u>22.56</u>                        | <u>10.47</u> |
| (c) Change in fair value of plan assets during the year ended 31 <sup>st</sup> March 2013   |   |                                     |                                     |              |
| (i)   | Fair value of plan assets at the beginning of the year (01.04.2012)                   | –                                   | –                                   | 9.57         |
| (ii)  | Expected return on plan assets  | –                                   | –                                   | 0.88         |
| (iii)   | Contributions made during the year  | –                                   | –                                   | 1.22         |
| (iv)  | Benefits paid   | –                                   | –                                   | (0.33)       |
| (v)   | Actuarial gain on plan assets   | –                                   | –                                   | –            |
| (vi)  | Fair value of plan assets as at the end of the year 31 <sup>st</sup> March 2013       | <u>–</u>                            | <u>–</u>                            | <u>11.34</u> |
| (d) Balance Sheet movements   |   |                                     |                                     |              |
| (i)   | Value of benefit obligations / (net assets) at the beginning of the year (01-04-2012) | 2.35                                | 22.49                               | –            |
| (ii)  | Contributions made during the year  | –                                   | –                                   | 1.22         |
| (iii)   | Expenses  | 2.26                                | 4.29                                | (0.97)       |
| (iv)  | Benefits paid   | (1.67)                              | (4.22)                              | –            |
| (v)   | Value of benefit  | <u>2.94</u>                         | <u>22.56</u>                        | <u>0.26</u>  |
| Note: The net asset in respect of gratuity plan is not recognised as it is lying in irrevocable trust fund approved by Income tax authorities.  |   |                                     |                                     |              |
| (e) Actuarial assumptions   |   |                                     |                                     |              |
| (i)   | Discount rate used  | 8.00%                               | 8.00%                               | 8.00%        |
| (ii)  | Expected return on plan assets  | NA                                  | NA                                  | 9.30%        |
| Estimates of future salary increase considered in actuarial valuation taking into account the inflation, seniority and other relevant factors.  |   |                                     |                                     |              |

## Sundaram-Clayton Limited

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

|   |  | (Rupees in crores)                  |                                     |
|---|--|-------------------------------------|-------------------------------------|
|   |  | As at /<br>Year ended<br>31.03.2013 | As at /<br>Year ended<br>31.03.2012 |
| <b>p) AS - 16 Borrowing costs</b>   | 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. 1.48 crores (last year Rs 4.85 crores) being interest on borrowings attributable to qualifying assets have been capitalised under the various heads. |                                     |                                     |
| <b>q) AS - 17 Segment reporting</b>   | The Company operates in only one segment viz., Automotive Components and there are no separate reportable segments.  |                                     |                                     |
| <b>r) AS - 18 Related party disclosure</b>                                  | Disclosures are made as per the requirements of the standard and clarifications issued by The Institute of Chartered Accountants of India.   |                                     |                                     |
| <b>s) AS -19 Accounting for leases</b>                                      | The Company has taken the following assets under operating lease.  |                                     |                                     |
| <b>1. Vehicle</b>   | The lease period is for 60 months.   |                                     |                                     |
|   | <b>The details of maturity profile of future operating lease payments are furnished below:</b>   |                                     |                                     |
| a.  | The total of future minimum lease payments under non-cancellable operating lease for each of the following periods:  |                                     |                                     |
|   | - Not later than one year  | 0.57                                | 0.38                                |
|   | - Later than one year and not later than five years  | 1.42                                | 1.15                                |
|   | - Later than five years  | –                                   | –                                   |
| b.  | Total of minimum sub-lease payments expected to be received under non-cancellable sub-leases at the Balance Sheet date   | Not applicable                      | Not applicable                      |
| c.  | Lease payments recognised in the Statement of Profit and Loss for the period under the head rent paid  | 0.48                                | 0.32                                |
| <b>2. Plant &amp; Machinery, Electrical Equipments and other Equipments</b> | The lease period is for 10 years.  |                                     |                                     |
|   | <b>The details of maturity profile of future operating lease payments are furnished below:</b>   |                                     |                                     |
| a.  | The total of future minimum lease payments under non-cancellable operating lease for each of the following periods:  |                                     |                                     |
|   | - Not later than one year  | 13.54                               | 10.25                               |
|   | - Later than one year and not later than five years  | 75.27                               | 52.25                               |
|   | - Later than five years  | 24.22                               | 31.75                               |
| b.  | Total of minimum sub-lease payments expected to be received under non-cancellable sub-leases at the Balance Sheet date   | Not applicable                      | Not applicable                      |
| c.  | Lease payments recognised in the Statement of Profit and Loss for the period under the head rent paid  | 11.86                               | 0.72                                |
| <b>t) AS - 20 Earnings Per Share (EPS)</b>                                  | Earnings per share is calculated by dividing the profit attributable to the shareholders by the number of equity shares outstanding as at the close of the year.   |                                     |                                     |
|   | Profit after tax   | 35.42                               | 72.30                               |
|   | Number of equity shares  | 18967584                            | 18967584                            |
|   | Face value of the share (in rupees)  | 5                                   | 5                                   |
|   | Weighted average number of equity shares   | 18967584                            | 23994512                            |
|   | Earnings per share (EPS) (in rupees)   | 18.67                               | 30.13                               |
|   | Diluted earnings per share (in rupees)   | 18.67                               | 30.13                               |

## Sundaram-Clayton Limited

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

(Rupees in crores)

| As at /<br>Year ended<br>31.03.2013 | As at /<br>Year ended<br>31.03.2012 |
|-------------------------------------|-------------------------------------|
|-------------------------------------|-------------------------------------|

**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 per the provisions of Section 115JB of the Income Tax Act, 1961.

Deferred tax liability and asset are recognised, subject to the consideration of prudence, on timing differences using the tax rates substantively enacted on the Balance Sheet date.

Deferred tax liabilities

Tax on depreciation - timing difference

|  |   |       |       |
|--|---|-------|-------|
|  | A | 33.03 | 35.84 |
|--|---|-------|-------|

Less: Deferred tax assets

On employee related schemes

|  |  |       |       |
|--|--|-------|-------|
|  |  | 10.56 | 10.32 |
|--|--|-------|-------|

On other provision which will be allowed on payment basis like provision for warranty, provision for doubtful debts, deductions for demerger expenses etc.

|  |  |      |      |
|--|--|------|------|
|  |  | 5.58 | 5.51 |
|--|--|------|------|

**Total**

|  |   |       |       |
|--|---|-------|-------|
|  | B | 16.14 | 15.83 |
|--|---|-------|-------|

Net Deferred Tax Liability

|  |           |       |       |
|--|-----------|-------|-------|
|  | C = A - B | 16.89 | 20.01 |
|--|-----------|-------|-------|

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

I) The Company holds 23.53% of the equity share capital of Sundram Non-Conventional Energy Systems Limited, Chennai (SNES). Hence, SNES is an associate of the Company.

II) Emerald Haven Realty Limited, Chennai (EHRL) (formerly known as Green Earth Homes Limited) is an associate of TVS Motor Company Limited which is a subsidiary of the Company. The Company indirectly holds 28% of the equity share capital of EHRL. Hence, EHRL is an associate of the Company.

III) TVS Wind Power Limited, Chennai is a subsidiary of TVS Energy Limited, Chennai, which is a subsidiary of TVS Motor Company Limited, Chennai. The Company indirectly holds 43.75% of the equity share capital of TVS Wind Power Limited. Hence, TVS Wind Power Limited is an associate of the Company.

IV) The Company holds 43.96% of the shares of TVS Training & Services Limited, Chennai (TVSTS). Hence, TVSTS is an associate of the Company.

**x) AS - 24 Discontinuing operations**

The Company has not discontinued any operation during the year.

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

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

**z) AS - 26 Intangible Assets**

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

Software :

- Useful life of the assets
- Amortisation rates used

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

## Sundaram-Clayton Limited

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

|            |  | (Rupees in crores)                  |                                     |
|------------|--|-------------------------------------|-------------------------------------|
|            |  | As at /<br>Year ended<br>31.03.2013 | As at /<br>Year ended<br>31.03.2012 |
| -          | Gross carrying amounts at the beginning and at the end of the period together with additions and deletions during the year   |                                     |                                     |
|            | Opening balance  | 3.71                                | 2.19                                |
|            | Additions during the year  | 0.51                                | 1.52                                |
|            | Total  | (A) <u>4.22</u>                     | <u>3.71</u>                         |
|            | Amortisation   |                                     |                                     |
|            | Opening balance  | 2.92                                | 1.85                                |
|            | For the year   | 1.04                                | 1.07                                |
|            | Total amortisation   | (B) <u>3.96</u>                     | <u>2.92</u>                         |
|            | Closing balance  | (A - B) <u>0.26</u>                 | <u>0.79</u>                         |
| <b>aa)</b> | <b>AS - 27 Financial reporting of interest in joint ventures</b>   |                                     |                                     |
|            | There is no joint venture.   |                                     |                                     |
| <b>ab)</b> | <b>AS - 28 Impairment of Assets</b>  |                                     |                                     |
|            | The carrying amount of the assets net of accumulated depreciation as on the balance sheet date is not less than the recoverable amount of those assets.  |                                     |                                     |
| <b>ac)</b> | <b>AS - 29 Provisions, contingent liabilities and contingent assets</b>  |                                     |                                     |
| (i)        | Provisions   |                                     |                                     |
|            | The management has an estimated warranty provision of Rs. 2.96 crores (previous year - Rs. 2.83 crores)  |                                     |                                     |
| (ii)       | Contingent liabilities   |                                     |                                     |
|            | Amount for which the Company is contingently liable is disclosed in Note No. XXIII (6).  |                                     |                                     |
| (iii)      | Contingent assets  |                                     |                                     |
|            | Contingent assets which are likely to give rise to possibility of inflow of economic benefits - NIL  |                                     |                                     |
| (iv)       | Contested liabilities are detailed in Note no.XXIII (10)   |                                     |                                     |
| <b>2</b>   | <b>Dues from Subsidiaries</b>  |                                     |                                     |
|            | Debtors include due from subsidiaries  |                                     |                                     |
| -          | Debts outstanding for a period exceeding six months  | 0.59                                | -                                   |
| -          | Other debts  | 11.75                               | 10.41                               |
| <b>3</b>   | <b>Dues from Subsidiaries</b>  |                                     |                                     |
|            | Loans and advances include dues from subsidiaries  |                                     |                                     |
| -          | TVS Motor Company Limited, Chennai   | -                                   | 14.87                               |
| <b>4</b>   | <b>Trade payables include amount due to micro and small scale industrial units</b>   | 1.30                                | 4.56                                |
|            | Disclosure under Micro, Small and Medium Enterprises Development Act, 2006   |                                     |                                     |
| (i)        | The principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year:   |                                     |                                     |
| a)         | Principal (all are within agreed credit period and not due for payment)  | 1.30                                | 4.56                                |
| b)         | Interest (as no amount is overdue)   | Nil                                 | Nil                                 |
| (ii)       | The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year. | Nil                                 | Nil                                 |

## Sundaram-Clayton Limited

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

|  | (Rupees in crores)                  |                                     |
|--|-------------------------------------|-------------------------------------|
|  | As at /<br>Year ended<br>31.03.2013 | As at /<br>Year ended<br>31.03.2012 |
| (iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.  | Nil                                 | Nil                                 |
| (iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.   | Nil                                 | Nil                                 |
| (v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | Nil                                 | Nil                                 |
| <b>5 Investment in Subsidiaries</b>  |                                     |                                     |
| a) The Company holds 27,26,82,786 equity shares of Re.1 each in TVS Motor Company Limited, Chennai (TVSM). This amounts to 57.40% of the paid up capital of TVSM. Hence, TVSM is a subsidiary of the Company.  |                                     |                                     |
| b) The Company holds 45,00,000 equity shares of Rs.10 each and its subsidiary TVS Motor Company Limited, Chennai holds 7,67,50,000 equity shares of Rs.10 each in TVS Energy Limited, Chennai (TVS Energy). This aggregates to 59.76% of the paid up capital of TVS Energy. Hence, TVS Energy is a subsidiary of the Company.      |                                     |                                     |
| c) The Company holds 100 equity shares of USD 1 each in Sundaram-Clayton (USA) Limited (SCL USA). This amounts to 100% of the paid up capital of SCL USA. Hence, it is a subsidiary of the Company.  |                                     |                                     |
| <b>6 Contingent liability not provided for</b>   |                                     |                                     |
| a) On counter-guarantee given to bank  | 0.73                                | 0.50                                |
| b) On letters of credit opened with banks  | 53.93                               | 89.39                               |
| c) On partly paid shares   | –                                   | –                                   |
| d) Capital commitments not provided  | 9.80                                | 55.42                               |
| e) On guarantee furnished on behalf of employees   | 0.01                                | 0.01                                |
| f) On account of future export obligations (under Export Promotion Capital Goods Scheme and Advance Licence)   | 219.42                              | 174.86                              |
| g) On commitment for capital contribution to TVS Shriram Growth Fund Scheme IB of TVS Capital Funds  | 6.38                                | 6.38                                |
| <b>7 Audit fees consist of</b>   |                                     |                                     |
| a) Audit fees  | 0.20                                | 0.18                                |
| b) Certification fees  | 0.03                                | 0.02                                |
| c) Taxation matters  | 0.02                                | 0.01                                |
| d) Other services  | 0.07                                | 0.04                                |
| e) Reimbursement of expenses   | 0.03                                | 0.04                                |
| <b>8 Contribution to provident and other funds include</b>   |                                     |                                     |
| (a) Gratuity as per scheme framed by Life Insurance Corporation of India (LIC)   | 1.30                                | 2.30                                |
| (b) Pension fund   | 0.07                                | 1.36                                |
| (c) Deposit linked insurance as per scheme framed by LIC   | 0.16                                | 0.10                                |



## Sundaram-Clayton Limited

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

|   | (Rupees in crores)                  |                                     |
|---|-------------------------------------|-------------------------------------|
|   | As at /<br>Year ended<br>31.03.2013 | As at /<br>Year ended<br>31.03.2012 |
| <b>9 Repairs include</b>  |                                     |                                     |
| Stores consumed   | 7.00                                | 10.04                               |
| <b>10 Liability contested and not provided for</b>  |                                     |                                     |
| a) Excise duty  | 9.80                                | 8.38                                |
| b) Service tax  | 4.20                                | 4.87                                |
| c) Income tax   | 2.48                                | 0.67                                |
| d) Wealth tax   | –                                   | 0.15                                |
| e) Others   | 0.97                                | 2.59                                |
| <b>11 Research and development expenditure incurred and claimed under Income Tax Act, 1961</b>                    |                                     |                                     |
| a) Revenue Expenditure - This consists of   |                                     |                                     |
| Salaries & wages  | 4.28                                | 4.11                                |
| Materials / consumables / spares  | 0.15                                | 0.24                                |
| Tools & accessories   | 0.23                                | 0.02                                |
| Consultancy   | –                                   | 0.04                                |
| Repairs and maintenance   | 0.44                                | –                                   |
| Testing expenses  | 0.10                                | 0.13                                |
| Software / data processing  | 0.10                                | 0.16                                |
| Foreign and inland travel   | 0.13                                | 0.18                                |
| Administrative and other expenses   | 0.06                                | –                                   |
| Electricity   | 0.60                                | 0.44                                |
| <b>Total - A</b>  | <b>6.09</b>                         | <b>5.32</b>                         |
| b) Capital expenditure  |                                     |                                     |
| Plant & Equipment (included in total cost of additions of Rs.93.73 crores under Plant and Equipment, Dies & Jigs) | 0.87                                | 7.80                                |
| Buildings (included in total cost of additions Rs.42.58 crores under Building)                                    | 1.03                                | 0.41                                |
| Plant and equipment (included under capital work-in-progress of machinery)  | –                                   | 0.04                                |
| <b>Total - B</b>  | <b>1.90</b>                         | <b>8.25</b>                         |
| <b>Total expenditure (A + B)</b>  | <b>7.99</b>                         | <b>13.57</b>                        |
| Less: Sale of prototypes  | –                                   | 0.22                                |
| Net R & D expenditure   | <b>7.99</b>                         | <b>13.35</b>                        |
| <b>12 Sale of services</b>  |                                     |                                     |
| a) Management services  | 17.25                               | 17.20                               |
| b) Others   | 0.77                                | 0.68                                |
| <b>Total</b>  | <b>18.02</b>                        | <b>17.88</b>                        |

## Sundaram-Clayton Limited

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

(Rupees in crores)

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

| Particulars   | Name of the Company  | Amount outstanding as on 31-03-2013 | Maximum amount due at any time during the year | Amount outstanding as on 31-03-2012 |
|---|--|-------------------------------------|--|-------------------------------------|
| a) Loans and advances   |  |                                     |  |                                     |
| (i) Loans and advances in the nature of loans made to subsidiary company  | TVS Motor Company Limited, Chennai   | –                                   | 14.87  | 14.87                               |
| (ii) Loans and advances in the nature of loans made to associate Company  | NIL  | –                                   | –  | –                                   |
| (iii) Loans and advances in the nature of loans where there is  |  |                                     |  |                                     |
| 1) no repayment schedule or repayment beyond seven years (or)   | NIL  | –                                   | –  | –                                   |
| 2) no interest or interest below Section 372A of the Companies Act, 1956  | NIL  | –                                   | –  | –                                   |
| (iv) Loans and advances in the nature of loans made to firms/companies in which directors of the Company are interested | NIL  | –                                   | –  | –                                   |
| b) Investments by the Company   |  |                                     |  |                                     |
| (i) In subsidiary companies   |  |                                     |  |                                     |
|   | TVS Energy Limited, Chennai.<br>(45,00,000 Equity shares of Rs.10/- each fully paid up)                            | 4.50                                | 4.50   | 4.50                                |
|   | TVS Motor Company Limited, Chennai<br>(27,26,82,786 Equity shares of Re.1/-each fully paid up)                     | 19.59                               | 19.59  | 19.59                               |
|   | Sundaram-Clayton (USA) Limited, USA<br>(100 equity shares of USD 1 each fully paid up)<br>(Previous year - Nil)    | 0.001                               | 0.001  | –                                   |
| (ii) In associate company   |  |                                     |  |                                     |
|   | Sundram Non-conventional Energy Systems Limited, Chennai<br>(1,17,650 Equity shares of Rs 10/- each fully paid-up) | 0.12                                | 0.12   | 0.12                                |
|   | TVS Training & Services Limited, Chennai<br>(20,00,000 Equity shares of Rs 10/- each fully paid-up)                | 2.00                                | 2.00   | –                                   |

## Sundaram-Clayton Limited

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

#### 14 Related party disclosures

##### LIST OF RELATED PARTIES

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

## **Sundaram-Clayton Limited**

---

### **XXIII. Accounting standards, additional disclosures and notes on accounts – (continued)**

- d) Fellow Subsidiaries (*continued*)
- (xv) Prime Property Holdings Limited, Chennai
  - (xvi) Tumkur Property Holdings Limited, Chennai
  - (xvii) Sundaram Investment Limited, Chennai
  - (xviii) Sundaram Engineering Products Services Limited, Chennai
  - (xix) TVS Capital Funds Limited, Chennai
  - (xx) TVS Electronics Limited, Chennai
  - (xxi) TVS Investments Limited, Chennai
  - (xxii) TVS-E Access (India) Limited, Chennai
  - (xxiii) TVS-E Servicetec Limited, Chennai
  - (xxiv) Pusam Rubber Products Limited, Madurai
  - (xxv) Essex Automobile Solutions Limited, Gujarat
  - (xxvi) Navratna Insurance Broking Limited, Coimbatore
  - (xxvii) Focuz Automobile Services Limited, Kerala
  - (xxviii) GS Automotive Service Equipments (Chennai) Private Limited, Madurai
  - (xxix) SANRAV Automobile Solutions (Chennai) Private Limited, Madurai
  - (xxx) TVS Training and Services Limited, Chennai (effective 20<sup>th</sup> February 2013)
- (II) Overseas Company
- Sundaram Lanka Tyres Limited, Sri Lanka
- e) Associate companies
- (i) Sundram Non-Conventional Energy Systems Limited, Chennai
  - (ii) Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited)
  - (iii) TVS Training and Services Limited, Chennai (effective 20<sup>th</sup> February 2013)
  - (iv) TVS Wind Power Limited, Chennai
- f) Key Management Personnel (KMP)
- (i) Mr Venu Srinivasan, Chairman and Managing Director
  - (ii) Dr Lakshmi Venu, Director - Strategy
- g) Relatives of KMP
- (i) Mrs Mallika Srinivasan
  - (ii) Mr Sudarshan Venu, Director
- h) Enterprise over which KMP and their relatives have significant influence.
- Harita-NTI Limited, Chennai

## Sundaram-Clayton Limited

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

#### 15 Related party transactions

(Rupees in crores)

| Sl. No | Nature of transactions                         | Name of the Company   | Holding Company | Subsidiaries       | Fellow Subsidiary | Associates | KMP– Significant influence | KMP    | Relative of KMP | Total              |
|--------|--|---|-----------------|--------------------|-------------------|------------|----------------------------|--------|-----------------|--------------------|
| 1      | Purchase of goods                              | T V Sundram Iyengar & Sons Limited, Madurai<br>Sundaram Auto Components Limited, Chennai<br>Harita NTI Limited, Chennai   | 0.12            | –                  | –                 | –          | –                          | –      | –               | 0.12               |
|        |  |   | –               | 0.20               | –                 | –          | –                          | –      | –               | 0.20               |
|        |  |   | –               | –                  | –                 | –          | 2.62                       | –      | –               | 2.62               |
|        |  |   | 0.12<br>(0.12)  | 0.20<br>(0.23)     | –                 | –          | 2.62<br>(1.90)             | –      | –               | 2.95<br>(2.25)     |
| 2      | Sale of goods (including sub contract charges) | TVS Motor Company Limited, Chennai<br>TVS Electronics Limited, Chennai  | –               | 168.53             | –                 | –          | –                          | –      | –               | 168.53             |
|        |  |   | –               | –                  | –                 | –          | –                          | –      | –               | –                  |
|        |  |   | –               | 168.53<br>(173.58) | –                 | –          | –                          | –      | –               | 168.53<br>(173.63) |
| 3      | Purchase of power                              | Sundram Non Conventional Energy Systems Limited, Chennai<br>TVS Energy Limited, Chennai   | –               | –                  | –                 | 0.83       | –                          | –      | –               | 0.83               |
|        |  |   | –               | 10.83              | –                 | –          | –                          | –      | –               | 10.83              |
|        |  |   | –               | 10.83              | –                 | 0.83       | –                          | –      | –               | 11.66              |
|        |  |   | –               | (7.11)             | –                 | (0.55)     | –                          | –      | –               | (7.66)             |
| 4      | Rendering of services                          | TVS Motor Company Limited, Chennai<br>Sundaram Auto Components Limited, Chennai<br>TVS Electronics Limited, Chennai<br>TVS Energy Limited, Chennai<br>Sundaram Investment Limited, Chennai<br>Harita NTI Limited, Chennai | –               | 14.48              | –                 | –          | –                          | –      | –               | 14.48              |
|        |  |   | –               | 2.21               | –                 | –          | –                          | –      | –               | 2.21               |
|        |  |   | –               | –                  | 0.07              | –          | –                          | –      | –               | 0.07               |
|        |  |   | –               | 1.57               | –                 | –          | –                          | –      | –               | 1.57               |
|        |  |   | –               | –                  | 0.03              | –          | –                          | –      | –               | 0.03               |
|        |  |   | –               | –                  | –                 | –          | 0.23                       | –      | –               | 0.23               |
|        |  |   | –               | 18.26<br>(17.74)   | 0.10<br>(0.05)    | –          | 0.23<br>(0.37)             | –      | –               | 18.59<br>(18.16)   |
| 5      | Receiving of services                          | Sundaram Auto Components Limited, Chennai<br>TVS E-Servicetec Limited, Chennai<br>Sundaram-Clayton (USA) Limited, USA<br>TVS Electronics Limited, Chennai   | –               | 0.14               | –                 | –          | –                          | –      | –               | 0.14               |
|        |  |   | –               | –                  | 0.25              | –          | –                          | –      | –               | 0.25               |
|        |  |   | –               | 0.02               | –                 | –          | –                          | –      | –               | 0.02               |
|        |  |   | –               | –                  | 0.06              | –          | –                          | –      | –               | 0.06               |
|        |  |   | –               | 0.16<br>(0.31)     | 0.31<br>(0.35)    | –          | –                          | –      | –               | 0.47<br>(0.66)     |
| 6      | Lease rent                                     | Sundram Non Conventional Energy Systems Limited, Chennai  | –               | –                  | –                 | 0.01       | –                          | –      | –               | 0.01               |
|        |  |   | –               | –                  | –                 | 0.01       | –                          | –      | –               | 0.01               |
|        |  |   | –               | –                  | –                 | (0.01)     | –                          | –      | –               | (0.01)             |
| 7      | Remuneration paid                              |   | –               | –                  | –                 | –          | –                          | 1.71   | –               | 1.71               |
|        |  |   | –               | –                  | –                 | –          | –                          | 1.71   | –               | 1.71               |
|        |  |   | –               | –                  | –                 | –          | –                          | (1.85) | –               | (1.85)             |
| 8      | Inter corporate deposits outstanding           | TVS Motor Company Limited, Chennai  | –               | –                  | –                 | –          | –                          | –      | –               | –                  |
|        |  |   | –               | –                  | –                 | –          | –                          | –      | –               | –                  |
|        |  |   | –               | (14.87)            | –                 | –          | –                          | –      | –               | (14.87)            |
| 9      | Investments made                               | TVS Training & Services Limited, Chennai  | –               | –                  | –                 | 1.50       | –                          | –      | –               | 1.50               |
|        |  |   | –               | –                  | –                 | 1.50       | –                          | –      | –               | 1.50               |
|        |  |   | –               | –                  | –                 | (0.50)     | –                          | –      | –               | (0.50)             |

Previous year's figures are furnished in brackets

## Sundaram-Clayton Limited

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

#### 15 Related party transactions - (continued)

(Rupees in crores)

| Sl. No | Nature of transactions                                    | Name of the Company                                      | Holding Company | Subsidiaries | Fellow Subsidiary | Associates | KMP– Significant influence | KMP | Relative of KMP | Total  |         |
|--------|---|--|-----------------|--------------|-------------------|------------|----------------------------|-----|-----------------|--------|---------|
| 10     | Dividend received   | Sundram Non-Conventional Energy Systems Limited, Chennai | –               | –            | –                 | 0.35       | –                          | –   | –               | 0.35   |         |
|        |   | TVS Motor Company Limited, Chennai                       | –               | 35.45        | –                 | –          | –                          | –   | –               | 35.45  |         |
|        |   |  | –               | 35.45        | –                 | 0.35       | –                          | –   | –               | –      | 35.80   |
|        |   |  | –               | (32.72)      | –                 | –          | –                          | –   | –               | –      | (32.72) |
| 11     | Interest Income   | TVS Motor Company Limited, Chennai                       | –               | –            | –                 | –          | –                          | –   | –               | –      |         |
|        |   |  | –               | –            | –                 | –          | –                          | –   | –               | –      |         |
|        |   |  | –               | (0.02)       | –                 | –          | –                          | –   | –               | (0.02) |         |
| 12     | Outstanding as on 31 <sup>st</sup> March 2013 Receivables | TVS Motor Company Limited, Chennai                       | –               | 11.46        | –                 | –          | –                          | –   | –               | 11.46  |         |
|        |   | TVS Electronics Limited, Chennai                         | –               | –            | 0.04              | –          | –                          | –   | –               | 0.04   |         |
|        |   | Sundaram Auto Components Limited, Chennai                | –               | 0.88         | –                 | –          | –                          | –   | –               | 0.88   |         |
|        |   | TVS Investments Limited, Chennai                         | –               | –            | 0.01              | –          | –                          | –   | –               | 0.01   |         |
|        |   | Emerald Haven Realty Limited, Chennai                    | –               | –            | –                 | 0.16       | –                          | –   | –               | 0.16   |         |
|        |   | Sundaram Investment Limited, Chennai                     | –               | –            | 0.05              | –          | –                          | –   | –               | 0.05   |         |
|        |   | Harita NTI Limited, Chennai                              | –               | –            | –                 | –          | 0.23                       | –   | –               | 0.23   |         |
|        |   |  | –               | 12.34        | 0.10              | 0.16       | 0.23                       | –   | –               | –      | 12.84   |
|        | –   | (11.51)  | (0.02)          | –            | –                 | –          | –                          | –   | (11.53)         |        |         |
| 13     | Payables  | T V Sundram Iyengar & Sons Limited, Madurai              | 0.02            | –            | –                 | –          | –                          | –   | –               | 0.02   |         |
|        |   | TVS-E Servicetec Limited, Chennai                        | –               | –            | –                 | –          | –                          | –   | –               | –      |         |
|        |   | Sundram Non-Conventional Energy Systems Limited, Chennai | –               | –            | –                 | 0.02       | –                          | –   | –               | 0.02   |         |
|        |   | TVS Energy Limited, Chennai                              | –               | 0.05         | –                 | –          | –                          | –   | –               | 0.05   |         |
|        |   | Harita NTI Limited, Chennai                              | –               | –            | –                 | –          | 0.16                       | –   | –               | 0.16   |         |
|        |   |  | 0.02            | 0.05         | –                 | 0.02       | 0.16                       | –   | –               | –      | 0.25    |
|        | (0.01)  | –  | (0.01)          | (0.02)       | (0.16)            | –          | –                          | –   | (0.20)          |        |         |

Previous year's figures are furnished in brackets

(Rupees in crores)

| 16   |   |  |                           |               | Year ended<br>31.03.2013  | Year ended<br>31.03.2012 |
|--|---|--|---------------------------|---------------|---------------------------|--------------------------|
|  |   |  | % of total<br>consumption |               | % of total<br>consumption |                          |
| <b>I. RAW MATERIALS CONSUMED</b>               |   |  |                           |               |                           |                          |
| 1. a) Basic raw materials                      |   |  |                           |               |                           |                          |
|  | Aluminium alloys and ingots   |  |                           | 498.17        | 517.98                    |                          |
|  | b) Intermediates and components<br>(which individually do not account for<br>10% or more of the total value of consumption) |  |                           | 26.90         | 31.29                     |                          |
|  |   |  |                           | <u>525.07</u> | <u>549.27</u>             |                          |
| 2. Consumption of raw materials and components |   |  |                           |               |                           |                          |
|  | a) Imported   |  | 61                        | 321.61        | 65                        | 355.61                   |
|  | b) Indigenous   |  | 39                        | 203.46        | 35                        | 193.66                   |
|  |   |  | <u>100</u>                | <u>525.07</u> | <u>100</u>                | <u>549.27</u>            |
| <b>II. CONSUMPTION OF MACHINERY SPARES</b>     |   |  |                           |               |                           |                          |
|  | a) Imported   |  | 27                        | 0.34          | 9                         | 0.22                     |
|  | b) Indigenous   |  | 73                        | 0.94          | 91                        | 2.22                     |
|  |   |  | <u>100</u>                | <u>1.28</u>   | <u>100</u>                | <u>2.44</u>              |

## Sundaram-Clayton Limited

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

|  | Year ended<br>31.03.2013 | (Rupees in crores)<br>Year ended<br>31.03.2012 |
|--|--------------------------|--|
| <b>III. IMPORTS (CIF value)</b>            |                          |  |
| a) Raw materials                           | 368.11                   | 374.96   |
| b) Spares, stores and components           | 13.73                    | 19.40  |
| c) Capital goods                           | 25.52                    | 19.72  |
| d) Trading goods                           | –                        | 0.30   |
| <b>IV. EXPENDITURE IN FOREIGN CURRENCY</b> |                          |  |
| a) Travel                                  | 0.96                     | 1.03   |
| b) Consultancy                             | 2.53                     | 2.32   |
| c) Legal and trade marks                   | 1.47                     | 1.78   |
| d) Subscriptions                           | 0.12                     | 0.07   |
| e) Computer software                       | -                        | 0.09   |
| f) Rework charges                          | 2.12                     | 4.08   |
| g) Interest on foreign currency loan       | 6.40                     | 9.21   |
| h) Warehousing fees                        | 12.45                    | 9.48   |
| i) Salaries                                | 2.47                     | 2.77   |
| j) Insurance                               | 0.17                     | 0.11   |
| k) Rent                                    | 0.16                     | 0.10   |
| l) Discounts                               | 2.76                     | 0.54   |
| m) Others                                  | 1.07                     | 2.24   |
| <b>V. EARNINGS IN FOREIGN EXCHANGE</b>     |                          |  |
| a) Exports (on FOB basis)                  | 456.88                   | 413.27   |
| b) Freight recovery                        | 19.84                    | 36.28  |
| c) Insurance recovery                      | 0.04                     | 0.04   |

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

|                                     |   |   |  |
|-------------------------------------|---|---|--|
|                                     | <b>VENU SRINIVASAN</b><br><i>Chairman &amp; Managing Director</i>     | <b>GOPAL SRINIVASAN</b><br><i>Director</i>        | As per our report annexed<br>For SUNDARAM & SRINIVASAN<br><i>Chartered Accountants</i><br>Firm Regn. No. 004207S |
| Chennai<br>8 <sup>th</sup> May 2013 | <b>V N VENKATANATHAN</b><br><i>Executive Vice-President (Finance)</i> | <b>R RAJA PRAKASH</b><br><i>Company Secretary</i> | <b>M BALASUBRAMANIAM</b><br><i>Partner</i><br>Membership No. F7945   |

## Sundaram-Clayton Limited

### Cash Flow Statement for the year ended 31<sup>st</sup> March 2013

|  | (Rupees in crores)       |                          |
|--|--------------------------|--------------------------|
|  | Year ended<br>31.03.2013 | Year ended<br>31.03.2012 |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                              |                          |                          |
| Net profit before tax  | 32.30                    | 80.93 *                  |
| Adjustments for:   |                          |                          |
| Depreciation and amortisation for the year                                 | 51.25                    | 47.34                    |
| Amortisation of Foreign Currency Monetary Item                             |                          |                          |
| Translation Difference Account   | 1.67                     | 0.26                     |
| Diminution in value of investments   | –                        | 0.31                     |
| Miscellaneous expenditure written off                                      | –                        | 0.02                     |
| Exceptional Income   | –                        | (25.34)                  |
| Loss on sale/scrap of fixed assets   | 0.15                     | 0.12                     |
| Profit on sale of fixed assets   | (0.11)                   | (0.07)                   |
| Net (profit)/ loss on sale of investments                                  | (1.36)                   | 0.54                     |
| Dividend income  | (36.21)                  | (33.46)                  |
| Interest income  | (0.44)                   | (0.70)                   |
| Interest expense   | 38.23                    | 33.53                    |
|  | 53.18                    | 22.55                    |
| <b>Operating profit before working capital changes</b>                     | <b>85.48</b>             | <b>103.48</b>            |
| Adjustments for:   |                          |                          |
| Trade Receivables  | (2.25)                   | (38.89)                  |
| Inventories  | (8.85)                   | (25.68)                  |
| Other current assets   | 0.91                     | 0.37                     |
| Short-term loans and advances  | 23.63                    | (29.50)                  |
| Trade Payables   | 5.76                     | 10.23                    |
| Other current liabilities (excluding current maturities of long-term debt) | (26.95)                  | 22.89                    |
| Short-Term Provisions  | 0.48                     | 0.27                     |
|  | (7.27)                   | (60.31)                  |
| Cash generated from operations   | 78.21                    | 43.17                    |
| Direct taxes paid  | (3.48)                   | (9.83) **                |
| <b>Net cash from operating activities</b> (A)                              | <b>74.73</b>             | <b>33.34</b>             |
| * Includes profit from discontinuing operations Rs.45,290                  |                          |                          |
| ** Includes tax expense of discontinuing operations Rs.9,000               |                          |                          |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                              |                          |                          |
| Additions to fixed assets (including Capital work in progress)             | (71.48)                  | (108.91)                 |
| Deletion to fixed assets (net of depreciation)                             | 8.39                     | 37.45                    |
| Profit on sale of fixed assets   | 0.11                     | 0.07                     |
| Loss on sale/scrap of fixed assets   | (0.15)                   | (0.12)                   |
| Long-term loans and advances   | 2.59                     | (4.07)                   |
| Purchase of investments  | (6.09)                   | (49.39)                  |
| Sale of investments  | 7.94                     | 59.71                    |
| Profit on sale of investments - exceptional item                           | –                        | 25.34                    |
| Net profit / (loss) on sale of investments                                 | 1.36                     | (2.35)                   |
| Interest received  | 0.44                     | 0.70                     |
| Dividend received  | 36.21                    | 33.46                    |
| <b>Net Cash from/(used in) investing activities</b> (B)                    | <b>(20.68)</b>           | <b>(8.11)</b>            |



## Sundaram-Clayton Limited

### Cash Flow Statement for the year ended 31<sup>st</sup> March 2013 (continued)

|   |                | (Rupees in crores)       |                          |
|---|----------------|--------------------------|--------------------------|
|   |                | Year ended<br>31.03.2013 | Year ended<br>31.03.2012 |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>                    |                |                          |                          |
| Borrowings:   |                |                          |                          |
| Term loans availed/(repaid)                                     |                | (18.90)                  | 4.73                     |
| Unsecured loan availed/ (repaid)                                |                | (30.81)                  | 15.60                    |
| Long term provisions  |                | 0.31                     | 1.25                     |
| Interest paid   |                | (38.23)                  | (33.53)                  |
| Dividend and dividend tax paid                                  |                | (42.42)                  | (12.71)                  |
| <b>Net cash from financing activities</b>                       | <b>( C )</b>   | <b>(130.05)</b>          | <b>(24.66)</b>           |
| <b>D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b> |                |                          |                          |
|   | <b>(A+B+C)</b> | <b>(76.00)</b>           | <b>0.57</b>              |
| Cash and cash equivalents at the beginning of the year          |                |                          |                          |
| Cash and Bank balances  | 6.81           |                          | 2.15                     |
| Cash credit balance   | (139.76)       |                          | (135.67)                 |
|   |                | (132.95)                 | (133.52)                 |
| Cash and cash equivalents at the end of the year                |                |                          |                          |
| Cash and Bank balances  | 2.14           |                          | 6.81                     |
| Cash credit balance   | (211.09)       |                          | (139.76)                 |
|   |                | (208.95)                 | (132.95)                 |

Notes:

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

|                                     |   |   |  |
|-------------------------------------|---|---|--|
|                                     | <b>venu srinivasan</b><br><i>Chairman &amp; Managing Director</i>     | <b>gopal srinivasan</b><br><i>Director</i>        | As per our report annexed<br>For SUNDARAM & SRINIVASAN<br><i>Chartered Accountants</i><br>Firm Regn. No. 004207S |
| Chennai<br>8 <sup>th</sup> May 2013 | <b>V N VENKATANATHAN</b><br><i>Executive Vice-President (Finance)</i> | <b>R RAJA PRAKASH</b><br><i>Company Secretary</i> | <b>M BALASUBRAMANIAM</b><br><i>Partner</i><br>Membership No. F7945   |

## Sundaram-Clayton Limited

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

| Sl. No. | Particulars  | Name of the Subsidiaries  |  |  |
|---------|--|---|--|--|
|         |  | TVS Motor Company Limited, Chennai  | TVS Energy Limited, Chennai                        | Sundaram-Clayton (USA) Limited, USA        |
| 1.      | Financial year of the subsidiaries ended on  | 31.03.2013  | 31.03.2013   | 31.03.2013                                 |
| 2.      | Shares of the subsidiaries held by the company as on 31 <sup>st</sup> March 2013   |   |  |  |
| a)      | Number and face value-equity   | 27,26,82,786 Equity shares of Re 1/- each fully paid                            | 45,00,000 Equity shares of Rs 10/- each fully paid | 100 Equity shares of USD 1 each fully paid |
| b)      | Extent of holding  | 57.40%  | 5.54% and 94.46% by TVSM                           | 100.00%                                    |
| 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 crores   | Rs. in crores                                      | Rs. in crores                              |
| a)      | for the financial year of the subsidiary   | 31.15   | 0.25   | 0.07                                       |
| b)      | for the previous financial years since they became subsidiaries  | 201.57  | (0.74)   | -  |
| 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 crores   | Rs. in crores                                      | Rs. in crores                              |
| a)      | for the financial year of the subsidiary   | 35.45   | -  | -  |
| b)      | for the previous financial years since they became subsidiaries  | 53.95   | -  | -  |
| 5.      | Change of interest of the company in the subsidiaries between the end of the financial year of the subsidiary and the financial year of the company.       | Not applicable as the subsidiaries close the accounts on 31 <sup>st</sup> March |  |  |
| 6.      | Material changes between the end of the financial year of the subsidiary and the end of financial year of the company in respect of subsidiaries           | Not applicable as the subsidiaries close the accounts on 31 <sup>st</sup> March |  |  |
| i)      | Fixed assets   |   |  |  |
| ii)     | Investments  |   |  |  |
| iii)    | Money lent   |   |  |  |
| iv)     | Borrowings other than for meeting current liabilities  |   |  |  |

- Notes :
- Sundaram-Clayton Limited (SCL), Chennai holds 57.40% of the paid up equity capital of TVS Motor Company Limited (TVSM), Chennai. Hence, TVSM is a subsidiary of SCL, Chennai u/s 4(1)(b) of the Companies Act, 1956 (the Act).
  - Sundaram Auto Components Limited (SACL), Chennai, TVS Housing Limited, Chennai and Sundaram Business Development Consulting (Shanghai) Co. Ltd, China are wholly-owned subsidiaries of TVSM, and hence they are subsidiaries of SCL, u/s 4(1)(c) of the Act.
  - TVS Motor (Singapore) Pte Limited, Singapore, TVS Motor Company (Europe) BV, Amsterdam, are wholly owned subsidiaries of TVSM and PT.TVS Motor Company Indonesia, Jakarta, is a subsidiary of TVS Motor (Singapore) Pte Limited, Singapore and hence they are subsidiaries of SCL, Chennai u/s 4(1)(c) of the Act.
  - SCL, Chennai and its subsidiary TVSM, Chennai together hold 100% of the paid up equity capital of TVS Energy Limited, Chennai. Hence, TVS Energy Limited is a subsidiary of SCL, Chennai u/s 4(1)(b) of the Act.
  - TVS Wind Energy Limited, Chennai is a subsidiary of TVS Energy Limited and hence it is a subsidiary of SCL u/s 4(1)(c) of the Act.
  - TVS Wind Power Limited, Chennai is a subsidiary of TVS Energy Limited and hence it is a subsidiary of SCL u/s 4(1)(c) of the Act.
  - SCL, Chennai holds 100% of the paid up equity capital of Sundaram-Clayton (USA) Limited, USA (SCL-USA). Hence, SCL-USA is a subsidiary of SCL, Chennai u/s 4(1)(b) of the Act.

VENU SRINIVASAN  
Chairman & Managing Director

GOPAL SRINIVASAN  
Director

Chennai  
8<sup>th</sup> May, 2013

V N VENKATANATHAN  
Executive Vice-President (Finance)

R RAJA PRAKASH  
Company Secretary

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

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

### Independent Auditors' report on consolidated accounts of Sundaram-Clayton Limited, Chennai for the year ended 31<sup>st</sup> March 2013

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

We have audited the accompanying consolidated financial statements of Sundaram-Clayton Limited, Chennai - 600006 ("the Company") and its subsidiaries, which comprise of the consolidated Balance Sheet as at 31<sup>st</sup> March 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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 viz. (1) TVS Motor Company (Europe) B.V., Amsterdam (2) TVS Motor (Singapore) Pte. Limited, Singapore (3) PT. TVS Motor Company Indonesia, Jakarta (4) Sundaram Business Development Consulting (Shanghai) Company Limited, Shanghai (5) TVS Energy Limited, Chennai (6) TVS Wind Energy Limited, Chennai (7) TVS Housing Limited, Chennai (8) Sundaram-Clayton (USA) Limited, USA and associate companies viz. (1) TVS Wind Power Limited, Chennai (2) Emerald Haven Realty Limited, Chennai, (3) TVS Training & Services Limited, Chennai.

The financial statements and other information of the subsidiaries and associate have been audited by other auditors whose reports have been furnished to us and our opinion, in so far it relates to the amounts included in respect of these subsidiaries and associate is based solely on the report of the other auditors.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

M. BALASUBRAMANIAM

Place : Chennai  
Date : 8<sup>th</sup> May, 2013

Partner  
Membership No. F7945

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

### Consolidated Balance Sheet as at 31<sup>st</sup> March 2013

(Rupees in crores)

|  | Note<br>number | As at<br>31.03.2013 | As at<br>31.03.2012 |
|--|----------------|---------------------|---------------------|
| <b>I. EQUITY AND LIABILITIES</b>                                   |                |                     |                     |
| <b>1 Shareholders' funds</b>                                       |                |                     |                     |
| (a) Share capital  | I              | 9.48                | 9.48                |
| (b) Reserves and surplus   | II             | 884.68              | 689.04              |
| <b>2 Share application money pending allotment</b>                 |                | –                   | –                   |
| <b>3 Minority Interest</b>   |                | 327.55              | 329.28              |
| <b>4 Non-current liabilities</b>                                   |                |                     |                     |
| (a) Long-term borrowings   | III            | 975.58              | 983.62              |
| (b) Deferred tax liabilities (Net)                                 | IV             | 98.36               | 75.19               |
| (c) Other Long-term liabilities                                    | V              | 24.83               | –                   |
| (d) Long-term provisions   | VI             | 74.36               | 79.41               |
| <b>5 Current liabilities</b>                                       |                |                     |                     |
| (a) Short-term borrowings  | VII            | 329.45              | 474.52              |
| (b) Trade payables   |                | 961.75              | 872.79              |
| (c) Other current liabilities                                      | VIII           | 541.61              | 642.98              |
| (d) Short-term provisions  | IX             | 55.63               | 55.57               |
| <b>Total</b>   |                | 4,283.28            | 4,211.88            |
| <b>II. ASSETS</b>  |                |                     |                     |
| <b>Non-current assets</b>  |                |                     |                     |
| <b>1 (a) Fixed assets</b>  |                |                     |                     |
| (i) Tangible assets  | X              | 1,971.52            | 1,762.03            |
| (ii) Intangible assets   | X              | 5.17                | 6.74                |
| (iii) Capital work-in-progress                                     | X              | 48.42               | 270.39              |
| (b) Goodwill on consolidation                                      |                | 3.28                | 2.92                |
| (c) Non-current investments  | XI             | 409.87              | 351.24              |
| (d) Long-term loans and advances                                   | XII            | 65.29               | 50.47               |
| (e) Other non-current assets                                       | XIII           | 5.71                | 0.22                |
| <b>2 Current assets</b>  |                |                     |                     |
| (a) Current investments  | XIV            | –                   | 6.43                |
| (b) Inventories  | XV             | 848.04              | 872.87              |
| (c) Trade receivables  | XVI            | 450.71              | 390.60              |
| (d) Cash and cash equivalents                                      | XVII           | 81.80               | 143.74              |
| (e) Short-term loans and advances                                  | XVIII          | 253.21              | 248.06              |
| (f) Other current assets   | XIX            | 140.26              | 106.17              |
| <b>Total</b>   |                | 4,283.28            | 4,211.88            |
| Accounting Standards, additional disclosures and notes on accounts | XXVI           |                     |                     |

VENU SRINIVASAN  
*Chairman & Managing Director*

GOPAL SRINIVASAN  
*Director*

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

Chennai  
8<sup>th</sup> May, 2013

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

R RAJA PRAKASH  
*Company Secretary*

M BALASUBRAMANIAM  
*Partner*  
Membership No. F7945

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

### Consolidated Statement of Profit & Loss for the year ended 31<sup>st</sup> March 2013

|       |  | (Rupees in crores) |                          |                          |
|-------|--|--------------------|--------------------------|--------------------------|
|       |  | Note<br>number     | Year ended<br>31.03.2013 | Year ended<br>31.03.2012 |
| I     | Revenue from operations  | XX                 | 8,225.79                 | 8,297.16                 |
| II    | Other income   | XXI                | 27.41                    | 21.05                    |
| III   | Total Revenue (I + II)   |                    | <u>8,253.20</u>          | <u>8,318.21</u>          |
| IV    | Expenses:  |                    |                          |                          |
|       | Cost of materials consumed   | XXII               | 5,351.37                 | 4,931.39                 |
|       | Purchases of Stock-in-Trade  | XXII               | 242.78                   | 902.80                   |
|       | Changes in inventories of finished goods, work-in-process<br>and Stock-in-Trade                                | XXII               | 1.13                     | (33.48)                  |
|       | Employee benefits expense  | XXIII              | 605.58                   | 558.90                   |
|       | Finance costs  | XXIV               | 147.72                   | 130.11                   |
|       | Depreciation and amortization expense  |                    | 225.90                   | 206.26                   |
|       | Other expenses   | XXV                | 1,503.03                 | 1,377.73                 |
|       | Total expenses   |                    | <u>8,077.51</u>          | <u>8,073.71</u>          |
| V     | Profit before exceptional and extraordinary items and tax (III-IV)   |                    | 175.69                   | 244.50                   |
| VI    | Exceptional item - Profit on sale of long term investments   |                    | -                        | 25.34                    |
|       | Profit on sale of Land   |                    | 92.78                    | -                        |
| VII   | Profit before extraordinary items and tax (V + VI)   |                    | 268.47                   | 269.84                   |
| VIII  | Extraordinary items - Profit on sale of division   |                    | 12.64                    | -                        |
|       | Insurance recovery   |                    | 0.79                     | -                        |
| IX    | Profit before tax (VII + VIII)   |                    | <u>281.90</u>            | <u>269.84</u>            |
| X     | Tax expense:   |                    |                          |                          |
|       | (1) Current tax  |                    | 64.79                    | 77.85                    |
|       | (2) Deferred tax   |                    | 22.63                    | 25.84                    |
| XI    | Profit/(Loss) for the period from continuing operations (IX - X)   |                    | <u>194.48</u>            | <u>166.15</u>            |
| XII   | Profit/(loss) from discontinuing operations (Current year- Nil; Last year Rs. 45,290)                          |                    | -                        | -                        |
| XIII  | Tax expense of discontinuing operations (Current year- Nil; Last year Rs.9,000)                                |                    | -                        | -                        |
| XIV   | Profit/(loss) from discontinuing operations (after tax) (XII-XIII)<br>(Current year- Nil; Last year Rs.36,290) |                    | -                        | -                        |
| XV    | Share of Profit/(Loss) of associates   |                    | 1.31                     | 0.02                     |
| XVI   | Profit/(Loss) for the period (XI + XIV + XV)   |                    | <u>195.79</u>            | <u>166.17</u>            |
| XVII  | Relating to parent company   |                    | 186.00                   | 108.48                   |
| XVIII | Relating to minority shareholders  |                    | 9.79                     | 57.69                    |
| XIX   | Earnings per equity share including extraordinary items  |                    |                          |                          |
|       | (1) Basic (in Rs.)   |                    | 98.06                    | 45.21                    |
|       | (2) Diluted (in Rs.)   |                    | <u>98.06</u>             | <u>45.21</u>             |
| XX    | Earnings per equity share excluding extraordinary items  |                    |                          |                          |
|       | (1) Basic (in Rs.)   |                    | 95.04                    | 45.21                    |
|       | (2) Diluted (in Rs.)   |                    | <u>95.04</u>             | <u>45.21</u>             |
|       | Accounting Standards, additional disclosures and notes on accounts   | XXVI               |                          |                          |

VENU SRINIVASAN  
*Chairman & Managing Director*

GOPAL SRINIVASAN  
*Director*

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

Chennai  
8<sup>th</sup> May, 2013

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

R RAJA PRAKASH  
*Company Secretary*

M BALASUBRAMANIAM  
*Partner*  
Membership No. F7945

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

### Consolidated notes on accounts

| Particulars  | As at 31.03.2013  |                       | As at 31.03.2012      |                       |                       |                 |
|--|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------|
|  | Number            | Rupees<br>in crores   | Number                | Rupees<br>in crores   |                       |                 |
| <b>I. SHARE CAPITAL</b>  |                   |                       |                       |                       |                       |                 |
| a) Details of authorised, issued and subscribed share capital  |                   |                       |                       |                       |                       |                 |
| <b>Authorised Capital</b>  |                   |                       |                       |                       |                       |                 |
| Equity Shares of Rs.5/- each *   | 5,00,00,000       | 25.00                 | 5,00,00,000           | 25.00                 |                       |                 |
| <b>Issued,Subscribed &amp; Paid up Capital</b>   |                   |                       |                       |                       |                       |                 |
| Equity Shares of Rs.5/- each fully paid  | 1,89,67,584       | 9.48                  | 1,89,67,584           | 9.48                  |                       |                 |
| Out of the above:  |                   |                       |                       |                       |                       |                 |
| Equity shares allotted as fully paid up by way of bonus shares in the five years immediately preceding the date of Balance Sheet:  |                   |                       |                       |                       |                       |                 |
| a) Number of shares - 1,89,67,584  | 1,89,67,584       | 9.48                  | 1,89,67,584           | 9.48                  |                       |                 |
| b) Year of allotment - Year ended 31 <sup>st</sup> March, 2010.  | 1,89,67,584       | 9.48                  | 1,89,67,584           | 9.48                  |                       |                 |
| * The increase in authorised capital by Rs.5 crores (1,00,00,000 equity shares of Rs.5 each) is on account of aggregation of authorised share capital of Anusha Investments Limited, Chennai, the erstwhile wholly owned subsidiary company. This is approved by the Honourable High Court of Judicature at Madras vide its order dated 03-08-2012 on the composite scheme of arrangement including amalgamation and demerger. |                   |                       |                       |                       |                       |                 |
| (b) Reconciliation of equity shares outstanding at the beginning and at the end of 31 <sup>st</sup> March 2013   |                   |                       |                       |                       |                       |                 |
| Shares outstanding at the beginning of the year  | 1,89,67,584       | 9.48                  | 3,79,35,168           | 18.96                 |                       |                 |
| Shares Issued during the year  | -                 | -                     | -                     | -                     |                       |                 |
| Reduction pursuant to composite scheme of arrangement sanctioned by the Honourable High Court of Judicature at Madras (vide its order dated 03-08-2012)  | -                 | -                     | (1,89,67,584)         | (9.48)                |                       |                 |
| Shares outstanding at the end of the year  | 1,89,67,584       | 9.48                  | 1,89,67,584           | 9.48                  |                       |                 |
| (c) i) Rights and preferences attached to equity share:  |                   |                       |                       |                       |                       |                 |
| Every shareholder is entitled to such rights as to attend the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the Company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act 1956.  |                   |                       |                       |                       |                       |                 |
| ii) There are no restrictions attached to equity shares.   |                   |                       |                       |                       |                       |                 |
| (d) Details of shares held by holding/ultimate holding/subsidiaries/associates of holding company at the end of 31 <sup>st</sup> March 2013  |                   |                       |                       |                       |                       |                 |
| Name of Shareholder  | Relationship      | Class<br>of<br>Share  | As at 31.03.2013      |                       | As at 31.03.2012      |                 |
|  |                   |                       | No. of<br>shares held | % of<br>holding       | No. of<br>shares held | % of<br>holding |
| T V Sundram Iyengar & Sons Limited - Madurai   | Holding company   | Equity                | 38,07,330             | 20.07                 | 38,07,330             | 20.07           |
| Sundaram Industries Limited - Madurai  | Fellow Subsidiary | Equity                | 60,62,522             | 31.96                 | 60,62,522             | 31.96           |
| Southern Roadways Limited - Madurai  | Fellow Subsidiary | Equity                | 30,31,127             | 15.98                 | 30,31,127             | 15.98           |
| (e) Details of shareholders holding more than five percent at the end of 31 <sup>st</sup> March 2013 (other than I (d))  |                   |                       |                       |                       |                       |                 |
| Name of Shareholder  | Class of Share    | As at 31.03.2013      |                       | As at 31.03.2012      |                       |                 |
|  |                   | No. of<br>shares held | % of<br>holding       | No. of<br>shares held | % of<br>holding       |                 |
| Sundaram Finance Limited - Chennai   | Equity            | 22,73,085             | 11.98                 | 22,73,085             | 11.98                 |                 |

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

### Consolidated notes on accounts – (continued)

|   | (Rupees in crores) |                  |
|---|--------------------|------------------|
|   | As at 31.03.2013   | As at 31.03.2012 |
| <b>II. RESERVES AND SURPLUS</b>   |                    |                  |
| <b>a. Capital Reserves</b>  |                    |                  |
| Opening Balance   | 99.23              | 116.98           |
| Add: On account of amalgamation *   | –                  | 43.07            |
| Government grant  | –                  | 0.17             |
|   | 99.23              | 160.22           |
| Less: On account of demerger *  | –                  | 38.20            |
| Transferred to General Reserve *  | –                  | 22.79            |
| Closing Balance   | 99.23              | 99.23            |
| <b>b. Securities Premium Reserve</b>  |                    |                  |
| Opening Balance   | –                  | 1.60             |
| Less: Transfer on merger  | –                  | 1.60             |
| Closing Balance   | –                  | –                |
| <b>c. General reserve</b>   |                    |                  |
| Opening Balance   | 625.40             | 599.10           |
| Add: Transfer from the Statement of Profit and Loss (after minority interest) | 10.68              | 21.92            |
| Transfer from capital reserves  | –                  | –                |
|   | 10.68              | 22.79            |
|   | 636.08             | 643.81           |
| Less: Capitalised by issue of Bonus shares                                    | –                  | –                |
| On account of demerger*   | –                  | 18.41            |
| Closing Balance   | 636.08             | 625.40           |
| <b>d. Statutory Reserve</b>   |                    |                  |
| Opening balance   | –                  | 28.45            |
| Add: Transfer from the statement of Profit and Loss                           | –                  | –                |
| Less: On account of demerger*   | –                  | 28.45            |
| Closing Balance   | –                  | –                |
| <b>e. Investment Subsidy</b>  |                    |                  |
| Opening balance   | –                  | 0.07             |
| Less: On account of demerger*   | –                  | 0.07             |
| Closing Balance   | –                  | –                |
| <b>f. Investment Allowance reserve</b>  |                    |                  |
| Opening balance   | –                  | 0.16             |
| Less: On account of demerger*   | –                  | 0.16             |
| Closing Balance   | –                  | –                |
| <b>g. Foreign Currency Translation Reserve</b>                                |                    |                  |
| Opening balance   | (22.60)            | (16.70)          |
| Add: Additions during the year  | 21.69              | (5.90)           |
| Closing Balance   | (0.91)             | (22.60)          |
| <b>h. Foreign Currency Monetary Item Translation Difference Account</b>       |                    |                  |
| Opening balance   | (3.75)             | –                |
| Add: Additions during the year  | (0.97)             | (7.05)           |
| Less: Written back in current year  | (4.72)             | (3.30)           |
| Closing Balance   | –                  | (3.75)           |
| <b>i. Hedging reserve</b>   |                    |                  |
| Opening balance   | (2.71)             | –                |
| Add: Additions during the year  | 0.02               | (2.71)           |
| Less: Utilised during the year  | (2.71)             | –                |
| Closing Balance   | 0.02               | (2.71)           |



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

### Consolidated notes on accounts - (continued)

#### II. RESERVES AND SURPLUS - (continued)

(Rupees in crores)

As at 31.03.2013                      As at 31.03.2012

#### j. Surplus i.e. balance in Statement of Profit and Loss

|   |         |          |
|---|---------|----------|
| Opening balance                               | (41.78) | (214.05) |
| Add: Net Profit / (Loss) for the current year | 195.79  | 166.17   |
| On account of demerger                        | —       | 92.97    |
|   | 154.01  | 45.09    |
| Less: Allocations / Appropriations            |         |          |
| Interim Dividend Paid                         | 29.22   | 12.15    |
| Interim Dividend payable                      | 9.48    | 21.81    |
| Dividend tax                                  | 8.97    | 13.83    |
| Tax relating to earlier years                 | 0.18    | 6.25     |
| Transfer to general reserve                   | 16.51   | 32.83    |
| Transfer to minority interest                 | (60.61) | 3.75     |
|   | 3.75    | (35.25)  |
| Closing Balance                               | 150.26  | (6.53)   |
| <b>Total (a+b+c+d+e+f+g+h+i+j)</b>            | 884.68  | 689.04   |

\* Transfer pursuant to composite scheme of arrangement sanctioned by the Honourable High Court of Judicature at Madras.

#### III. LONG-TERM BORROWINGS

##### (a) Secured

##### Term loans

|                    |        |        |
|--------------------|--------|--------|
| From banks         | 502.84 | 686.64 |
| From other parties | 230.38 | 77.23  |

##### (b) Unsecured

|                         |        |        |
|-------------------------|--------|--------|
| Sales Tax Deferral loan | 239.36 | 218.25 |
| From other parties      | 3.00   | 1.50   |

##### **Total**

|  |        |        |
|--|--------|--------|
|  | 975.58 | 983.62 |
|--|--------|--------|

#### IV. DEFERRED TAX LIABILITIES (NET)

##### Deferred Tax Liability

|   |        |        |
|---|--------|--------|
| on Depreciation                         | 171.15 | 171.42 |
| on Amortisation of Dies and Moulds      | 8.06   | 11.14  |
| on Expenses admissible on payment basis | 28.29  | 29.10  |
|   | 207.50 | 211.66 |

##### Less: Deferred Tax Assets

|   |        |        |
|---|--------|--------|
| on Unabsorbed Business Loss                       | 4.16   | 52.48  |
| on Unabsorbed Capital Loss                        | 17.33  | 9.22   |
| on expenses will be allowed only on Payment Basis | 59.67  | 67.65  |
| on Other Timing Differences                       | 27.98  | 7.12   |
|   | 109.14 | 136.47 |

##### **Total**

|  |       |       |
|--|-------|-------|
|  | 98.36 | 75.19 |
|--|-------|-------|

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

### Consolidated notes on accounts – (continued)

| Details of repayment terms of Long term loans<br>(Rupees in crores) |   |  |                                      |                |                        |                         |                          |   |  |
|---|---|--|--------------------------------------|----------------|------------------------|-------------------------|--------------------------|---|--|
| Total of loans repayable  | Loans repayable in 2012-13 (Current maturity) | Balance Long-term loans as at 31-03-2012 | Description                          | Frequency      | No. of instalments due | Maturity                | Total of loans repayable | Loans repayable in 2013-14 (Current maturity) | Balance Long-term loans as at 31.03.2013 |
| 14.70   | 14.70   | -  | External Commercial Borrowings - I   | Half Yearly    |                        |                         | -                        | -   | -  |
| 9.58  | 9.58  | -  | External Commercial Borrowings - II  | Half Yearly    |                        |                         | -                        | -   | -  |
| 30.45   | 20.30   | 10.15                                    | External Commercial Borrowings - III | Half Yearly    |                        |                         | -                        | -   | -  |
| 197.45  | 6.55  | 190.90                                   | External Commercial Borrowings - IV  | Half Yearly    | 18                     | March 2023              | 190.91                   | 14.20   | 176.71                                   |
| 12.47   | 12.47   | -  | Term Loan I                          |                |                        |                         |                          |   |  |
| 4.69  | 4.69  | -  | Term Loan II                         |                |                        |                         |                          |   |  |
| 50.00   | 7.14  | 42.86                                    | Term Loan III                        | Quarterly      | 12                     | February 2016           | 42.86                    | 14.29   | 28.57                                    |
| 50.00   | 12.50   | 37.50                                    | Term Loan IV                         | Half Yearly    | 6                      | March 2016              | 37.50                    | 12.50   | 25.00                                    |
| -   | -   | -  | Term Loan V                          | Quarterly      | 12                     | December 2017           | 45.00                    | -   | 45.00                                    |
| 192.95  | 45.40   | 147.55                                   | Term Loan VI                         | Quarterly      | 13                     | April 2016              | 147.55                   | 45.40   | 102.15                                   |
| 86.10   | 49.20   | 36.90                                    | Term Loan VII                        | Quarterly      | 3                      | November 2013           | 36.90                    | 36.90   | -  |
| 25.00   | -   | 25.00                                    | Term Loan VIII                       | Quarterly      | 16                     | March 2017              | 31.00                    | 6.00  | 25.00                                    |
| -   | -   | -  | Term Loan IX                         | Quarterly      | 17                     | March 2018              | 7.00                     | 0.24  | 6.76                                     |
| 53.16   | 5.16  | 48.00                                    | Term Loan X                          | Quarterly      | 31                     | June 2020               | 48.00                    | 6.86  | 41.14                                    |
| 30.00   | 2.50  | 27.50                                    | Term Loan XI                         | Quarterly      | 32                     | May 2021                | 27.50                    | 3.33  | 24.17                                    |
| 127.73  | 24.61   | 103.12                                   | International Finance Corporation    | Half Yearly    | NIL                    | September 2018          | 109.07                   | 31.31   | 77.76                                    |
| 17.16   | -   | 17.16                                    | Buyer's credit                       | Bullet payment |                        | July 2014 to April 2015 | 28.35                    | -   | 28.35                                    |
| 63.29   | 6.33  | 56.96                                    | Sales Tax Deferral                   | Yearly         | 9                      | 2020-21                 | 56.96                    | 6.33  | 50.63                                    |
| 161.29  | -   | 161.29                                   | Phase-1                              | Yearly         | 12                     | 2026-27                 | 188.72                   | -   | 188.72                                   |
| 77.23   | -   | 77.23                                    | Phase-2                              | Yearly         | 3                      | 2022-25                 | 152.62                   | -   | 152.62                                   |
| 1.50  | -   | 1.50                                     | State owned corporation              | Yearly         |                        |                         | 3.00                     | -   | 3.00                                     |
| 1,204.75  | 221.13  | 983.62                                   | Soft loan from DSIR                  | Yearly         |                        |                         | 1,152.94                 | 177.36  | 975.58                                   |
|   |   |  | Total                                |                |                        |                         |                          |   |  |

Details of securities created:

- (i) External Commercial Borrowings secured by exclusive charge by way of hypothecation of specific movable properties including movable plant and equipment situated at Company's Factories.
- (ii) Term Loans:
  - First and exclusive charge on specific plant and equipment situated at the Company's factories.
  - Charge on pari-passu basis on the movable plant and equipment, spares, tools and accessories and other movables, both present and future situated in all plants, with the existing term loan lenders.
- (iii) Buyer's credit: Secured by first and exclusive charge on specific plant and equipment situated at the Company's factories.
- (iv) Soft loan from Department of Science & Industrial Research, Govt. of India (DSIR) is unsecured.

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

### Consolidated notes on accounts - (continued)

Repayment terms of Long term loans - (continued)

- v) Soft loan - State owned corporation viz., SIPCOT  
First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of lands.

Amount payable in each instalments

| Description                       | Currency    | Amount  |
|-----------------------------------|-------------|---|
| External commercial borrowings IV | USD and JPY | 1.25 million USD and 45.45 million JPY                                  |
| Term Loan III                     | INR         | 3.57 crores   |
| Term Loan IV                      | INR         | 6.25 crores   |
| Term Loan V                       | INR         | 3.75 crores   |
| Term Loan VI                      | INR         | 11.35 crores  |
| Term Loan VII                     | INR         | 12.30 crores  |
| Term Loan VIII                    | INR         | 1.50 crores   |
| Term Loan IX                      | INR         | 0.24 crores   |
| Term Loan X                       | INR         | 1.72 crores   |
| Term Loan XI                      | INR         | 0.833 crores  |
| IFC                               | USD         | 1.8 million, 5.8 million, 2.2 million & 1.1 million                     |
| Sales tax deferral Phase-1        | INR         | 6.33 crores   |
| Sales tax deferral Phase-2        | INR         | 15.73 crores  |
| State owned corporation           | INR         | 10.00, 67.23 and 75.40 crores (three instalments between 2022 and 2025) |

(Rupees in crores)

As at 31.03.2013

As at 31.03.2012

### V. OTHER LONG TERM LIABILITIES

Due to Others - Purchase consideration payable

24.83

-

**Total**

24.83

-

### VI. LONG TERM PROVISIONS

(a) Employee benefits

(i) Pension

62.89

70.35

(ii) Leave salary

9.52

7.11

(b) Others

Sales Tax

1.95

1.95

**Total**

74.36

79.41

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

### Consolidated notes on accounts - (continued)

|                                   | (Rupees in crores) |                  |
|-----------------------------------|--------------------|------------------|
|                                   | As at 31.03.2013   | As at 31.03.2012 |
| <b>VII. SHORT TERM BORROWINGS</b> |                    |                  |
| (a) Secured                       |                    |                  |
| From banks- Repayable on demand   | 251.66             | 263.87           |
| (b) Unsecured                     |                    |                  |
| From banks                        | 77.79              | 210.65           |
| From related parties              | -                  | -                |
| <b>Total</b>                      | 329.45             | 474.52           |

Details of securities created for loans availed and referred to in VII(a) above

First charge by way of hypothecation of current assets viz., stocks of raw materials, semi finished and finished goods, stores and spares not relating to plant and equipment, bills receivable, book debts and all other movables located in all plants.

### VIII. OTHER CURRENT LIABILITIES

|   |        |        |
|---|--------|--------|
| (a) Current maturities of long-term debt-term loans | 177.36 | 221.13 |
| (b) Interest accrued but not due on borrowings      | 5.34   | 4.33   |
| (c) Interest accrued and due on borrowings          | 1.11   | 0.83   |
| (d) Unpaid dividends                                | 3.04   | 2.37   |
| (e) Others  |        |        |
| (i) Statutory Dues                                  | 28.78  | 30.57  |
| (ii) Security deposits/ Trade deposits              | 48.14  | 46.19  |
| (iii) Employee related                              | 30.88  | 25.10  |
| (iv) For expenses                                   | 212.51 | 193.17 |
| (v) Advance received                                | 17.96  | 15.15  |
| (vi) Capital goods                                  | 16.49  | 104.14 |
| <b>Total</b>  | 541.61 | 642.98 |

### IX. SHORT-TERM PROVISIONS

|                              |       |       |
|------------------------------|-------|-------|
| (a) Employee benefit         | 14.94 | 3.39  |
| (b) Warranty                 | 20.68 | 18.06 |
| (c) Interim dividend payable | 9.48  | 21.81 |
| (d) Dividend tax payable     | 4.62  | 9.21  |
| (e) Provision for taxation   | 3.66  | 1.69  |
| (f) Others- For expenses     | 2.25  | 1.41  |
| <b>Total</b>                 | 55.63 | 55.57 |

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

### Consolidated notes on accounts - (continued)

#### X. NON-CURRENT ASSETS - FIXED ASSETS

(Rupees in crores)

| Description   | Tangible     |               |               |                           |                            |                          |              | Intangible*<br>(Software/Licence fees<br>/intellectual property<br>rights) |                 | Total<br>(tangible<br>and<br>intangible) |                |                 |                 |
|---|--------------|---------------|---------------|---------------------------|----------------------------|--------------------------|--------------|--|-----------------|--|----------------|-----------------|-----------------|
|   | Land         |               | Buildings     | Plant<br>& equip-<br>ment | Furniture<br>&<br>fixtures | Office<br>equip-<br>ment | Vehicles     | Total as at  |                 | As at                                    |                |                 |                 |
|   | Free<br>hold | Lease<br>hold |               |                           |                            |                          |              | 31/03/<br>2013   | 31/03/<br>2012  | 31/03/<br>2013                           | 31/03/<br>2012 | 31/03/<br>2013  | 31/03/<br>2012  |
| Cost of assets                                      |              |               |               |                           |                            |                          |              |  |                 |  |                |                 |                 |
| As at 01-04-2012                                    | 84.81        | 23.14         | 438.33        | 2,637.83                  | 22.34                      | 62.00                    | 22.52        | 3,290.97   | 3,057.54        | 22.69                                    | 26.74          | 3,313.66        | 3,084.28        |
| Additions   | 20.69        | 10.19         | 55.66         | 346.53                    | 4.18                       | 12.03                    | 5.55         | 454.83   | 374.32          | 5.18                                     | 8.41           | 460.01          | 382.73          |
| Foreign exchange translation<br>reserve adjustments | 7.99         | –             | 10.18         | 27.69                     | 0.92                       | –                        | –            | 46.78  | –               | –  | –              | 46.78           | –               |
| Sub-total   | 113.49       | 33.33         | 504.17        | 3,012.05                  | 27.44                      | 74.03                    | 28.07        | 3,792.58   | 3,431.86        | 27.87                                    | 35.15          | 3,820.45        | 3,467.01        |
| Sales / Deletion / Amortisation                     | (39.45)      | (0.17)        | (0.04)        | (56.77)                   | (0.22)                     | (1.84)                   | (1.78)       | (100.27)   | (140.90)        | –  | (12.46)        | (100.27)        | (153.36)        |
| <b>Total</b>  | <b>74.04</b> | <b>33.16</b>  | <b>504.13</b> | <b>2,955.28</b>           | <b>27.22</b>               | <b>72.19</b>             | <b>26.29</b> | <b>3,692.31</b>  | <b>3,290.96</b> | <b>27.87</b>                             | <b>22.69</b>   | <b>3,720.18</b> | <b>3,313.65</b> |
| Depreciation and amortisation                       |              |               |               |                           |                            |                          |              |  |                 |  |                |                 |                 |
| Upto 31-03-2012                                     | 0.38         | 0.59          | 97.74         | 1,366.44                  | 12.15                      | 42.10                    | 9.54         | 1,528.94   | 1,429.58        | 15.95                                    | 21.37          | 1,544.89        | 1,450.95        |
| For the year  | –            | 0.18          | 16.35         | 189.63                    | 1.98                       | 8.31                     | 2.70         | 219.15   | 201.53          | 6.75                                     | 4.73           | 225.90          | 206.26          |
| Foreign exchange translation<br>reserve adjustments | 0.05         | –             | 1.35          | 9.13                      | 0.65                       | –                        | –            | 11.18  | –               | –  | –              | 11.18           | –               |
| Sub-total   | 0.43         | 0.77          | 115.44        | 1,565.20                  | 14.78                      | 50.41                    | 12.24        | 1,759.27   | 1,631.11        | 22.70                                    | 26.10          | 1,781.97        | 1,657.21        |
| Withdrawn on<br>assets sold / deleted               | (0.43)       | –             | (0.01)        | (34.64)                   | (0.10)                     | (1.74)                   | (1.56)       | (38.48)  | (102.18)        | –  | (10.15)        | (38.48)         | (112.33)        |
| <b>Total</b>  | <b>–</b>     | <b>0.77</b>   | <b>115.43</b> | <b>1,530.56</b>           | <b>14.68</b>               | <b>48.67</b>             | <b>10.68</b> | <b>1,720.79</b>  | <b>1,528.93</b> | <b>22.70</b>                             | <b>15.95</b>   | <b>1,743.49</b> | <b>1,544.88</b> |
| Written down value                                  |              |               |               |                           |                            |                          |              |  |                 |  |                |                 |                 |
| As at 31-03-2013                                    | 74.04        | 32.39         | 388.70        | 1,424.72                  | 12.54                      | 23.52                    | 15.61        | 1,971.52   | –               | 5.17                                     | –              | 1,976.69        | –               |
| As at 31-03-2012                                    | 84.43        | 22.55         | 340.59        | 1,271.39                  | 10.19                      | 19.90                    | 12.98        | –  | 1,762.03        | –  | 6.74           | –               | 1,768.77        |
| <b>CAPITAL WORK-IN-PROGRESS (AT COST)</b>           |              |               |               |                           |                            |                          |              |  |                 |  |                |                 |                 |
| (a) Building  |              |               |               |                           |                            |                          |              |  |                 |  |                | 0.87            | 33.36           |
| (b) Plant & equipment                               |              |               |               |                           |                            |                          |              |  |                 |  |                | 47.54           | 236.27          |
| (c) Others  |              |               |               |                           |                            |                          |              |  |                 |  |                | 0.01            | 0.76            |
| <b>Total</b>  |              |               |               |                           |                            |                          |              |  |                 |  |                | <b>48.42</b>    | <b>270.39</b>   |

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

### Consolidated notes on accounts - (continued)

|   | (Rupees in crores) |                  |
|---|--------------------|------------------|
|   | As at 31.03.2013   | As at 31.03.2012 |
| <b>XI. NON CURRENT INVESTMENTS</b>  |                    |                  |
| A Trade Investments   |                    |                  |
| (a) Investment in Equity Instruments  | 50.03              | 48.29            |
| Add: Pro-rata share in the profit of associates (net)   | 0.91               | 0.61             |
| Less: Provision for diminution in the value of investments *  | —                  | 0.11             |
|   | 50.94              | 48.79            |
| (b) Investment in Preference Shares   | 281.02             | 256.03           |
| (c) Investment in Private Equity Funds  | 9.68               | 10.87            |
| <b>Total (A)</b>  | 341.64             | 315.69           |
| B Other Investments   |                    |                  |
| (a) Investment in Equity Instruments  | —                  | —                |
| (b) Investment in Preference Shares   | —                  | —                |
| (c) Investment in Debentures or bonds   | 15.00              | 15.00            |
| (d) Employees Pension related Investments   | 26.37              | 20.55            |
| (e) Investment Property   | 26.86              | —                |
| <b>Total (B)</b>  | 68.23              | 35.55            |
| <b>Total (A) + (B)</b>  | 409.87             | 351.24           |
| * Note: All investments are carried at cost. Provision for diminution in value of investments has been created wherever necessary |                    |                  |
| <b>XII. LONG-TERM LOANS AND ADVANCES</b>  |                    |                  |
| Unsecured, considered good  |                    |                  |
| (a) Loans and advances to related parties   | 8.15               | 10.92            |
| (b) Capital advances  | 11.28              | 8.41             |
| (c) Deposits made   | 32.43              | 21.79            |
| (d) Advance payment of income tax (net of provisions)   | 13.43              | 9.35             |
| <b>Total</b>  | 65.29              | 50.47            |
| <b>XIII. OTHER NON-CURRENT ASSETS</b>   |                    |                  |
| (a) Taxes & Duties Recoverable (Advance Income Tax Net of Provisions)   | 2.06               | 0.22             |
| (b) Deposits  | 3.65               | —                |
| <b>Total</b>  | 5.71               | 0.22             |
| <b>XIV. CURRENT INVESTMENTS</b>   |                    |                  |
| (a) Investment in Equity instruments  | —                  | 1.05             |
| (b) Investments in Mutual Funds   | —                  | 6.47             |
| <b>Total</b>  | —                  | 7.52             |
| Less : Provision for diminution in the value of investments *   | —                  | 1.09             |
| Net realisable value  | —                  | 6.43             |

\* Note: All investments are carried at cost. Provision for diminution in value of investments has been created wherever necessary

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

### Consolidated notes on accounts - (continued)

#### Details of Non-current Investments

| Sl. No.  | Name of the body corporate   | Subsidiary/ associate/JV/ controlled entity | No. of Shares / Units |                  | Extent of holding (%)<br>As at 31.03.2013 | Extent of holding (%)<br>As at 31.03.2012 | Rupees in crores<br>As at 31.03.2013 | Rupees in crores<br>As at 31.03.2012 |
|----------|--|---|-----------------------|------------------|---|---|--------------------------------------|--------------------------------------|
|          |  |   | As at 31.03.2013      | As at 31.03.2012 |   |   |                                      |                                      |
| <b>A</b> |  |   |                       |                  |   |   |                                      |                                      |
| (a)      | <b>Trade Investments</b>   |   |                       |                  |   |   |                                      |                                      |
| (i)      | Investment in Equity Instruments - Fully paid-up                                       |   |                       |                  |   |   |                                      |                                      |
|          | Quoted   |   |                       |                  |   |   |                                      |                                      |
|          | Suprajit Engineering Limited, Bengaluru  | Others                                      | 28,92,000             | 28,92,000        | -   | -   | 0.08                                 | 0.08                                 |
|          | Suprajit Engineering Limited, Bengaluru  | Others                                      | 57,72,000             | 57,72,000        | -   | -   | 0.43                                 | 0.43                                 |
|          | Ucal Fuel Systems Limited, Chennai   | Others                                      | 91,760                | 91,760           | -   | -   | 0.25                                 | 0.25                                 |
|          | Bank of Baroda, Vadodara   | Others                                      | 2,000                 | 2,000            | -   | -   | 0.02                                 | 0.02                                 |
|          | India Nippon Electricals Limited, Chennai  | Others                                      | -                     | 2,945            | -   | -   | -                                    | 0.01                                 |
|          | Kinetic Engineering Limited, Pune  | Others                                      | -                     | 60               | -   | -   | -                                    | -                                    |
|          | Mahindra & Mahindra Limited, Mumbai  | Others                                      | -                     | 92               | -   | -   | -                                    | -                                    |
|          | Harita Seating Systems Limited, Chennai  | Others                                      | 7,280                 | 7,280            | -   | -   | 0.04                                 | 0.04                                 |
|          | Eicher Motors Limited, New Delhi   | Others                                      | -                     | 100              | -   | -   | -                                    | -                                    |
|          | Premier Limited, Mumbai<br>(formerly known as Premier Automobiles Limited)             | Others                                      | -                     | 50               | -   | -   | -                                    | -                                    |
|          | LML Limited, Kanpur - Cost Rs.250/-  | Others                                      | -                     | 25               | -   | -   | -                                    | -                                    |
|          | Bajaj Auto Limited, Pune - Cost Rs.348/-   | Others                                      | -                     | 50               | -   | -   | -                                    | -                                    |
|          | Hero Motocorp Limited, New Delhi - Cost Rs.186/-                                       | Others                                      | -                     | 50               | -   | -   | -                                    | -                                    |
|          | Summit Securities Ltd, Mumbai  | Others                                      | -                     | 11               | -   | -   | -                                    | -                                    |
| (ii)     | Unquoted   |   |                       |                  |   |   |                                      |                                      |
|          | Emerald Haven Realty Limited, Chennai<br>(formerly known as Green Earth Homes Limited) | Associate                                   | 4,00,00,000           | 4,00,00,000      | 48.78                                     | 48.78                                     | 40.00                                | 40.00                                |
|          | TVS Training and Services Limited, Chennai   | Associate                                   | 20,00,000             | -                | 43.96                                     | -   | 2.00                                 | 0.50                                 |
|          | Sundaram Engineering Products Services Limited, Chennai                                | Others                                      | 12,746                | 25,493           | -   | -   | 0.01                                 | 0.03                                 |
|          | TVS Wind Power Limited, Chennai  | Others                                      | 41,00,000             | 41,00,000        | -   | -   | 4.10                                 | 4.10                                 |
|          | TVS Lanka (Private) Limited, Colombo   | Others                                      | 50,00,000             | 50,00,000        | -   | -   | 2.08                                 | 2.08                                 |
|          | TVS Motor Services Limited, Chennai  | Others                                      | 3,80,000              | 3,80,000         | -   | -   | 0.38                                 | 0.38                                 |
|          | TVS Global Automobile Traders FZCO, Dubai  | Others                                      | 1                     | 1                | -   | -   | 0.14                                 | 0.14                                 |
|          | Sundaram Non Conventional Energy Systems Limited, Chennai                              | Associate                                   | 1,17,650              | 1,17,650         | 23.53                                     | 23.53                                     | 0.12                                 | 0.12                                 |
|          | Sai Regency Power Corporation Private Limited, Chennai                                 | Others                                      | 3,75,000              | -                | -   | -   | 0.38                                 | -                                    |
|          | L P Polymers Limited, Hyderabad  | Others                                      | -                     | 1,00,000         | -   | -   | -                                    | 0.10                                 |
|          | Orkay Industries Limited, Mumbai   | Others                                      | -                     | 38               | -   | -   | -                                    | -                                    |
|          | PAL Peugeot Limited, New Delhi   | Others                                      | -                     | 400              | -   | -   | -                                    | -                                    |
|          | Shree Chamundi Mopeds Limited, Tumkur (under liquidation)                              | Others                                      | -                     | 100              | -   | -   | -                                    | -                                    |
|          | DCM Daewoo Motors Limited, New Delhi   | Others                                      | -                     | 100              | -   | -   | -                                    | -                                    |
|          | Athena Financial Services Limited, Pune  | Others                                      | -                     | 33               | -   | -   | -                                    | -                                    |
|          | TVS Finance and Services Limited, Chennai  | Others                                      | 78,00,000             | 78,00,000        | -   | -   | 0.01                                 | 0.01                                 |
|          | Add/ (Less) :Pro-rata share in the profit of associates                                |   | -                     | -                | -   | -   | 0.91                                 | 0.61                                 |
|          | Total (a)  |   |                       |                  |   |   | 50.94                                | 48.90                                |

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

### Consolidated notes on accounts - (continued)

#### Details of Non-current Investments - (continued)

| Sl. No.           | Name of the body corporate   | Subsidiary/ associate/JV/ controlled entity | No. of Shares / Units                                 |   | Extent of holding (%) As at 31.03.2013 | Extent of holding (%) As at 31.03.2012 | Rupees in crores As at 31.03.2013 | Rupees in crores As at 31.03.2012 |
|-------------------|--|---|---|---|--|--|-----------------------------------|-----------------------------------|
|                   |  |   | As at 31.03.2013                                      | As at 31.03.2012                                      |  |  |                                   |                                   |
| (b)               | Investment in Preference shares - Fully paid-up, Unquoted<br>TVS Finance and Services Limited, Chennai - 6% Non Cumulative Non convertible Redeemable Preference Shares<br>TVS Finance and Services Limited, Chennai - 9% Non Cumulative Non convertible Redeemable Preference Shares<br>TVS Motor Services Limited, Chennai - Non Cumulative Preference Shares<br>TVS Motor Services Limited, Chennai | Others<br>Others<br>Others<br>Others        | 75,68,000<br>57,34,650<br>1,00,00,000<br>24,60,10,000 | 75,68,000<br>57,34,650<br>1,00,00,000<br>24,60,10,000 | -<br>-<br>-<br>-                       | -<br>-<br>-<br>-                       | 0.01<br>0.01<br>10.00<br>246.01   | 0.01                              |
| Total (b)         |  |   |   |   |  |  | 281.02                            | 256.03                            |
| (c)               | Investments in Private equity instruments- unquoted<br>TVS Shriram Growth fund Scheme 1 of TVS Capital Funds Limited, Chennai<br>TVS Shriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai   | Others<br>Others                            | 27,443<br>11,250                                      | 27,443<br>11,250                                      | -<br>-                                 | -<br>-                                 | 8.55<br>1.13                      | 9.74<br>1.13                      |
| Total (c)         |  |   |   |   |  |  | 9.68                              | 10.87                             |
| Total A (a+b+c)   |  |   |   |   |  |  | 341.64                            | 315.80                            |
| <b>B</b>          | <b>Other investments</b>   |   |   |   |  |  |                                   |                                   |
| (a)               | Investment in equity instruments - Partly paid-up, Unquoted<br>Acyar Property Holding Company Limited, Chennai - Cost Rs.7000  | Others                                      | 105   | 105   | -                                      | -                                      | -                                 | -                                 |
| (b)               | Investments in Bonds- Unquoted<br>Power Finance Corporation Limited, New Delhi   | Others                                      | 150   | 150   | -                                      | -                                      | 15.00                             | 15.00                             |
| (c)               | Employees pension related - Unquoted<br>ICICI Prudential Life Insurance Company Limited, Mumbai<br>ICICI Prudential Life Insurance Group Superannuation Fund<br>Life Insurance Corporation Pension Policy  | Others<br>Others<br>Others<br>Others        | -<br>-<br>-<br>-                                      | -<br>-<br>-<br>-                                      | -<br>-<br>-<br>-                       | -<br>-<br>-<br>-                       | 5.23<br>9.23<br>11.91<br>26.86    | 5.55<br>9.23<br>5.77<br>-         |
| (d)               | Investment Property  | Others                                      | -   | -   | -                                      | -                                      | 68.23                             | 35.55                             |
| Total (B) (a+b+c) |  |   |   |   |  |  | 409.87                            | 351.35                            |
| Total (A)+(B)     |  |   |   |   |  |  | 409.87                            | 351.35                            |

Note: All investments are carried at cost.

#### Summary of non-current investments

| Sl. No. | Particulars          | Rupees in crores |              |                  |              |
|---------|----------------------|------------------|--------------|------------------|--------------|
|         |                      | As at 31.03.2013 |              | As at 31.03.2012 |              |
|         |                      | Cost             | Market value | Cost             | Market value |
| (a)     | Quoted investments   | 0.82             | 29.58        | -                | 18.14        |
| (b)     | Unquoted investments | 409.05           | -            | 351.35           | -            |
|         | Total                | 409.87           | 29.58        | 351.35           | 18.14        |



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

### Consolidated notes on accounts - (continued)

#### Details of Current Investments

| Sl. No.  | Name of the body corporate  | Subsidiary/ Associate / JV / Controlled Entity / others | No. of Shares / Units |                  | Rupees in Crores |                  |
|----------|---|---|-----------------------|------------------|------------------|------------------|
|          |   |   | As at 31.03.2013      | As at 31.03.2012 | As at 31.03.2013 | As at 31.03.2012 |
| <b>A</b> | <b>Investments in Equity Instruments - Fully paid-up</b>  |   |                       |                  |                  |                  |
| (a)      | Quoted  | -   | -                     | -                | -                | -                |
| (b)      | Unquoted  | Others  | -                     | 10,50,000        | -                | 1.05             |
|          | Arkey Energy (Rameswaram) Limited, Hyderabad  |   |                       | 10,50,000        | -                | 1.05             |
|          | Total (A)   |   |                       |                  |                  |                  |
| <b>B</b> | <b>Investments in Mutual Funds- Quoted</b>  |   |                       |                  |                  |                  |
|          | L&T Mutual Fund, Mumbai (L & T Ultra Short Term Fund)   | Others  | -                     | 97,342           | -                | 0.16             |
|          | Reliance Mutual Fund, Mumbai (Reliance liquidity fund - Growth )  | Others  | -                     | 5,36,941         | -                | 0.84             |
|          | Kotak Mutual Fund, Mumbai (Kotak Liquid Institutional growth )  | Others  | -                     | 9,73,575         | -                | 2.03             |
|          | JM Financial Mutual Fund, Mumbai, (JM Money Manager Fund )  | Others  | -                     | 1,58,916         | -                | 0.24             |
|          | Sundaram Energy Opportunities Fund - Growth of Sundaram Mutual Fund, Chennai (Last year Sundaram BNP Paribas Mutual Fund) | Others  | -                     | 5,00,000         | -                | 0.50             |
|          | SBI Magnum Multicap Fund  | Others  | -                     | 4,21,200         | -                | 1.20             |
|          | Sundaram Capex Opportunities Fund   | Others  | -                     | 4,54,707         | -                | 1.50             |
|          | Morgan Stanley Growth Fund - Cost Rs.5000   | Others  | -                     | 500              | -                | -                |
|          | Total (B)   |   |                       |                  |                  | 6.47             |
|          | Total (A)+(B)   |   |                       |                  |                  | 7.52             |

#### Summary of Current investments

| Sl. No. | Particulars          | Rupees in crores |                  |
|---------|----------------------|------------------|------------------|
|         |                      | As at 31.03.2013 | As at 31.03.2012 |
|         |                      | Cost             | Market value     |
| (a)     | Quoted investments   | -                | 6.47             |
| (b)     | Unquoted investments | -                | 1.05             |
|         | <b>Total</b>         | -                | 7.52             |
|         |                      |                  | 5.43             |
|         |                      |                  | -                |
|         |                      |                  | 5.43             |

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

### Consolidated notes on accounts - (continued)

|   | (Rupees in crores) |                  |
|---|--------------------|------------------|
|   | As at 31.03.2013   | As at 31.03.2012 |
| <b>XV. INVENTORIES (at weighted average cost or net realisable value whichever is less)</b> |                    |                  |
| (a) Raw Materials and components  | 240.57             | 261.33           |
| (b) Goods-in transit- Raw Materials and components  | 36.17              | 56.57            |
| (c) Work-in-process   | 61.77              | 83.11            |
| (d) Finished goods  | 318.62             | 282.94           |
| (e) Stock-in-trade  | 26.62              | 42.09            |
| (f) Land held as Stock-in-trade   | 27.44              | 27.20            |
| (g) Goods-in transit - Stock-in-trade   | 27.41              | 5.87             |
| (h) Stores and spares   | 77.42              | 76.17            |
| (i) Dies, moulds and tools  | 32.02              | 37.59            |
| <b>Total</b>  | 848.04             | 872.87           |
| Note: Work-in-process comprises of:   |                    |                  |
| (a) Semi finished castings pending for machining / under inspection                         | 17.99              | 16.31            |
| (b) Semi finished machined products   | 1.83               | 5.33             |
| (c) Vehicle Pending Testing   | 3.69               | 2.56             |
| (d) Semi-Finished Vehicles  | 35.31              | 53.07            |
| (e) Rubber Components   | -                  | 1.60             |
| (f) Plastic Components  | 1.10               | 2.21             |
| (g) Moulds  | 1.85               | 2.03             |
|   | 61.77              | 83.11            |
| <b>XVI. TRADE RECEIVABLES</b>   |                    |                  |
| (a) Unsecured debts outstanding for a period exceeding six months                           |                    |                  |
| (i) Considered good   | 26.32              | 20.48            |
| (ii) Considered doubtful  | 7.66               | 8.03             |
|   | 33.98              | 28.51            |
| Less: Provision for doubtful debts  | 7.66               | 8.03             |
|   | 26.32              | 20.48            |
| (b) Other unsecured debts (considered good)   | 424.39             | 370.12           |
| <b>Total</b>  | 450.71             | 390.60           |
| <b>XVII. CASH AND CASH EQUIVALENTS</b>  |                    |                  |
| (a) Balances with banks   | 74.07              | 132.59           |
| (b) Cheques/drafts on hand  | 4.31               | 8.36             |
| (c) Cash on hand  | 0.35               | 0.39             |
| (d) Earmarked balances with banks (for unpaid dividend)                                     | 3.04               | 2.37             |
| (e) Bank Deposits with more than 12 months maturity   | 0.03               | 0.03             |
| <b>Total</b>  | 81.80              | 143.74           |

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

### Consolidated notes on accounts - (continued)

|   | (Rupees in crores) |                  |
|---|--------------------|------------------|
|   | As at 31.03.2013   | As at 31.03.2012 |
| <b>XVIII.SHORT TERM LOANS AND ADVANCES</b>            |                    |                  |
| Unsecured considered good:                            |                    |                  |
| (a) Loans and advances to related parties             | 1.15               | 4.46             |
| (b) Others:   |                    |                  |
| (i) Employee related *                                | 12.61              | 14.93            |
| (ii) Excise current account                           | 79.20              | 111.83           |
| (iii) Vendor advance                                  | 66.43              | 75.57            |
| (iv) Prepaid Expenses                                 | 8.58               | 2.79             |
| (v) Advance payment of Income-tax                     | 11.79              | 14.07            |
| (vi) Export benefit                                   | 3.78               | 2.00             |
| (vii) Balances with statutory authorities             | 1.33               | 0.50             |
| (viii) VAT receivable                                 | 49.57              | 14.43            |
| (ix) Other deposits                                   | 18.77              | 7.48             |
| <b>Total</b>  | <b>253.21</b>      | <b>248.06</b>    |
| * Includes advance due from an officer of the Company | -                  | 0.02             |

### XIX. OTHER CURRENT ASSETS

|  |               |               |
|--|---------------|---------------|
| (a) Claims receivable                                    | 129.60        | 104.07        |
| (b) Premium on forward contracts                         | 0.33          | 0.31          |
| (c) Interest accrued on investments and Loans & advances | 2.16          | 1.79          |
| (d) Service Tax receivable                               | 2.42          | -             |
| (e) Advances recoverable                                 | 5.75          | -             |
| <b>Total</b>   | <b>140.26</b> | <b>106.17</b> |

|                                    | (Rupees in crores)       |                          |
|------------------------------------|--------------------------|--------------------------|
|                                    | Year ended<br>31.03.2013 | Year ended<br>31.03.2012 |
| <b>XX. REVENUE FROM OPERATIONS</b> |                          |                          |
| (a) Sale of products               | 8,870.07                 | 8,790.64                 |
| (b) Sale of services               | 5.14                     | 18.22                    |
| (c) Other operating revenues       | 128.81                   | 168.61                   |
|                                    | 9,004.02                 | 8,977.47                 |
| Less:Excise duty and service tax   | 778.23                   | 680.31                   |
| <b>Total</b>                       | <b>8,225.79</b>          | <b>8,297.16</b>          |

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

### Consolidated notes on accounts - (continued)

|   | (Rupees in crores)       |                          |
|---|--------------------------|--------------------------|
|   | Year ended<br>31.03.2013 | Year ended<br>31.03.2012 |
| <b>XXI OTHER INCOME</b>   |                          |                          |
| (a) Interest income   | 18.54                    | 12.95                    |
| (b) Dividend  | 1.79                     | 0.89                     |
| (c) Net gain on sale of investments   | 1.49                     | 0.16                     |
| (d) Profit on sale of fixed assets  | 0.48                     | 2.04                     |
| (e) Other non-operating income  | 5.11                     | 5.01                     |
| <b>Total</b>  | 27.41                    | 21.05                    |
| <b>XXII MATERIAL COST</b>   |                          |                          |
| Cost of Materials consumed  |                          |                          |
| Opening stock of raw materials and components                                 | 261.33                   | 242.35                   |
| Add: Purchases  | 5,330.61                 | 4,950.37                 |
|   | 5,591.94                 | 5,192.72                 |
| Less: Closing stock of raw materials and components                           | 240.57                   | 261.33                   |
| Cost of materials consumed  | 5,351.37                 | 4,931.39                 |
| Purchases of traded goods   | 242.78                   | 902.80                   |
| Changes in inventories of finished goods, work-in-process and stock-in-trade: |                          |                          |
| Opening stock:  |                          |                          |
| Work-in-process   | 83.11                    | 68.05                    |
| Stock-in-trade  | 42.09                    | 50.44                    |
| Finished goods  | 282.94                   | 256.17                   |
| <b>Total (A)</b>  | 408.14                   | 374.66                   |
| Closing stock:  |                          |                          |
| Work-in-process   | 61.77                    | 83.11                    |
| Stock-in-trade  | 26.62                    | 42.09                    |
| Finished goods  | 318.62                   | 282.94                   |
| <b>Total (B)</b>  | 407.01                   | 408.14                   |
| Changes in inventories (A)-(B)  | 1.13                     | (33.48)                  |
| <b>XXIII EMPLOYEE BENEFITS EXPENSE</b>  |                          |                          |
| (a) Salaries and wages  | 510.67                   | 463.95                   |
| (b) Contribution to provident and other funds                                 | 35.23                    | 35.51                    |
| (c) Welfare expenses  | 59.68                    | 59.44                    |
| <b>Total</b>  | 605.58                   | 558.90                   |
| <b>XXIV FINANCE COSTS</b>   |                          |                          |
| (a) Interest expense  | 131.36                   | 120.32                   |
| (b) Other borrowing costs   | 10.90                    | 1.69                     |
| (c) Others-Exchange fluctuation   | 2.43                     | 3.93                     |
| (d) Amortisation of Foreign currency monetary item translation difference     | 3.03                     | 4.17                     |
| <b>Total</b>  | 147.72                   | 130.11                   |

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

### Consolidated notes on accounts - (continued)

|  | (Rupees in crores)       |                          |
|--|--------------------------|--------------------------|
|  | Year ended<br>31.03.2013 | Year ended<br>31.03.2012 |
| <b>XXV OTHER EXPENSES</b>  |                          |                          |
| (a) Consumption of stores, spares and tools  | 126.27                   | 135.77                   |
| (b) Power and fuel   | 153.62                   | 138.78                   |
| (c) Rent   | 43.92                    | 28.59                    |
| (d) Repairs - buildings  | 22.82                    | 22.54                    |
| (e) Repairs - plant and equipment  | 78.69                    | 72.47                    |
| (f) Repairs - others   | 1.55                     | 1.71                     |
| (g) Insurance  | 5.49                     | 4.82                     |
| (h) Rates and taxes, excluding taxes on income   | 7.60                     | 5.63                     |
| (i) Audit fees   | 1.33                     | 1.21                     |
| (j) Packing and freight charges  | 299.70                   | 297.12                   |
| (k) Sales related expenses   | 14.69                    | 17.88                    |
| (l) Diminution in the value of investments<br>(i.e. adjustment to the carrying amount of investments)  | -                        | 0.33                     |
| (m) Net loss on sale of investments and mutual funds   | -                        | 0.63                     |
| (n) Loss on sale of fixed assets   | 0.28                     | 0.19                     |
| (o) Amortisation of foreign currency monetary item translation difference account  | 1.67                     | 0.26                     |
| (p) Marketing and advertisement  | 476.09                   | 375.65                   |
| (q) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.1 lakh, whichever is higher) | 269.31                   | 274.15                   |
| <b>Total</b>   | <b>1,503.03</b>          | <b>1,377.73</b>          |

### XXVI ACCOUNTING STANDARDS, ADDITIONAL DISCLOSURES AND NOTES ON ACCOUNTS

#### 1 Consolidation of accounts

##### A. Basis of accounting

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

##### B. Principles of consolidation

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

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

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

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

##### C. Translation of foreign currency statements

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

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

### XXVI Accounting Standards, Additional Disclosures and Notes on Accounts - (continued)

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

| Name of the body corporate  | Country of incorporation | Shareholding as on | Extent of holding (%) |          |
|---|--------------------------|--------------------|-----------------------|----------|
|   |                          |                    | Direct                | Indirect |
| <b>I) SUBSIDIARIES:</b>   |                          |                    |                       |          |
| TVS Motor Company Limited, Chennai  | India                    | 31-03-2013         | 57.40                 | –        |
| Sundaram Auto Components Limited, Chennai   | India                    | 31-03-2013         | –                     | 57.40    |
| TVS Motor (Singapore) Pte Limited, Singapore  | Singapore                | 31-03-2013         | –                     | 57.40    |
| TVS Motor Company (Europe) B.V., Amsterdam  | Netherlands              | 31-03-2013         | –                     | 57.40    |
| PT TVS Motor Company Indonesia, Jakarta   | Indonesia                | 31-03-2013         | –                     | 57.40    |
| TVS Energy Limited, Chennai   | India                    | 31-03-2013         | 5.54                  | 54.22    |
| TVS Wind Energy Limited, Chennai  | India                    | 31-03-2013         | –                     | 56.02    |
| Sundaram- Clayton (USA) Limited, USA  | USA                      | 31-03-2013         | 100.00                | –        |
| Sundaram Business Development Consulting (Shanghai) Co. Limited, China<br>(Reporting Date : 31-12-2012) | China                    | 31-03-2013         | –                     | 57.40    |
| TVS Housing Limited, Chennai  | India                    | 31-03-2013         | –                     | 57.40    |
| <b>II) ASSOCIATES:</b>  |                          |                    |                       |          |
| Sundram Non-Conventional Energy Systems Limited, Chennai  | India                    | 31-03-2013         | 23.53                 | –        |
| TVS Wind Power Limited, Chennai   | India                    | 31-03-2013         | –                     | 43.75    |
| Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited)                     | India                    | 31-03-2013         | –                     | 28.00    |
| TVS Training and Services Limited, Chennai  | India                    | 31.03.2013         | 43.96                 | –        |

#### E. Other Significant Accounting Policies

Accounting Standards 1 to 30 (wherever applicable) issued by The Institute of Chartered Accountants of India have been duly considered while preparing the accounts of each Company and the same have been explained in detail in the notes on accounts of the respective companies. These may be referred to. The statements made therein form part of the consolidated accounts. Accounts of subsidiaries located outside India have been prepared and audited in accordance with the laws of the respective countries.

(Rupees in crores)

|                                     |                                     |
|-------------------------------------|-------------------------------------|
| As at /<br>Year ended<br>31.03.2013 | As at /<br>Year ended<br>31.03.2012 |
|-------------------------------------|-------------------------------------|

#### 2 Trade payable include

|   |        |        |
|---|--------|--------|
| a) Amount liable to be transferred to Investor Education and Protection fund: |        |        |
| - Unpaid dividend   | 3.04   | 2.37   |
| - Unclaimed deposits & Interest   | –      | –      |
| b) Due to directors   | 0.65   | 0.99   |
| c) Amount due to Small Scale Industrial units                                 | 40.57  | 40.96  |
| d) Amount due to other industrial units                                       | 999.73 | 878.97 |

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

### Accounting Standards, Additional Disclosures and Notes on Accounts - (continued)

|   | (Rupees in crores)                  |                                     |
|---|-------------------------------------|-------------------------------------|
|   | As at /<br>Year ended<br>31.03.2013 | As at /<br>Year ended<br>31.03.2012 |
| <b>3 Contingent liability not provided for</b>  |                                     |                                     |
| (a) On counter guarantees given to bankers  | 25.35                               | 23.08                               |
| (b) On letters of credit opened with bankers  | 172.59                              | 199.78                              |
| (c) On partly paid shares (Rs.4000)   | –                                   | –                                   |
| (d) Estimated amount of contracts remaining to be executed on capital account   | 78.47                               | 132.89                              |
| (e) On guarantees furnished on behalf of loans granted to employees   | 1.26                                | 1.26                                |
| (f) On account of future export obligations (on account of import of capital goods under Export Promotion Capital Goods Scheme) | 241.90                              | 194.89                              |
| (g) On bills of exchange discounted   | 75.66                               | 42.19                               |
| (h) Commitment for Capital contribution to TVS Shriram Growth Fund scheme of TVS Capital Funds.                                 | 6.38                                | 6.38                                |
| (i) Obligation arising out of agreements facilitating credit to a company   | 25.00                               | 25.00                               |
| (j) Others  | –                                   | –                                   |
| <b>4 Liability contested and not provided for</b>   |                                     |                                     |
| a) Excise duty  | 66.38                               | 66.68                               |
| b) Income tax   | 19.44                               | 48.79                               |
| c) Wealth tax   | –                                   | 0.15                                |
| d) Sales tax  | 2.44                                | 2.91                                |
| e) Service tax  | 10.11                               | 13.40                               |
| f) Customs  | 1.93                                | 1.87                                |
| g) Electricity Tax  | –                                   | 0.18                                |
| h) Others   | 7.19                                | 4.46                                |
| <b>5</b> Last year's figures have been regrouped wherever necessary to conform to this year's classification.                   |                                     |                                     |

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

### Accounting Standards, Additional Disclosures and Notes on Accounts - (continued)

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

Information about primary business segments

(Rupees in crores)

| Particulars   | Business segments     |          |          |          |                |         |         |         |                      |         |         |         | Total              |          |         |         |                 |         |         |         |         |  |  |  |
|---|-----------------------|----------|----------|----------|----------------|---------|---------|---------|----------------------|---------|---------|---------|--------------------|----------|---------|---------|-----------------|---------|---------|---------|---------|--|--|--|
|   | Automotive components |          |          |          | Motor Vehicles |         |         |         | Computer peripherals |         |         |         | Financial Services |          |         |         | Energy business |         |         |         | Others  |  |  |  |
|   | 2012-13               | 2011-12  | 2012-13  | 2011-12  | 2012-13        | 2011-12 | 2012-13 | 2011-12 | 2012-13              | 2011-12 | 2012-13 | 2011-12 | 2012-13            | 2011-12  | 2012-13 | 2011-12 | 2012-13         | 2011-12 | 2012-13 | 2011-12 | 2012-13 |  |  |  |
| External sales - domestic                                     | 613.83                | 637.87   | 5,988.43 | 6,085.77 | -              | 54.56   | -       | 8.55    | 33.74                | 10.51   | 0.08    | 0.17    | 6,636.08           | 6,797.43 |         |         |                 |         |         |         |         |  |  |  |
| - exports   | 461.27                | 413.27   | 1,155.85 | 1,107.51 | -              | -       | -       | -       | -                    | -       | -       | -       | 1,617.12           | 1,520.78 |         |         |                 |         |         |         |         |  |  |  |
| Inter segment sales   | 326.73                | 337.21   | 41.14    | 53.96    | -              | -       | -       | -       | 18.89                | 9.75    | -       | -       | 386.76             | 400.92   |         |         |                 |         |         |         |         |  |  |  |
| Total sales   | 1,401.83              | 1,388.35 | 7,185.42 | 7,247.24 | -              | 54.56   | -       | 8.55    | 52.63                | 20.26   | 0.08    | 0.17    | 8,639.96           | 8,719.13 |         |         |                 |         |         |         |         |  |  |  |
| Less: Inter segment sales                                     | 326.73                | 337.21   | 41.14    | 53.96    | -              | -       | -       | -       | 18.89                | 9.75    | -       | -       | 386.76             | 400.92   |         |         |                 |         |         |         |         |  |  |  |
| Net Revenue   | 1,075.10              | 1,051.14 | 7,144.28 | 7,193.28 | -              | 54.56   | -       | 8.55    | 33.74                | 10.51   | 0.08    | 0.17    | 8,253.20           | 8,318.21 |         |         |                 |         |         |         |         |  |  |  |
| Segment results before interest and tax                       | 57.15                 | 94.87    | 231.18   | 298.10   | -              | (2.67)  | -       | 1.71    | 35.08                | 7.95    | -       | (0.04)  | 323.41             | 374.61   |         |         |                 |         |         |         |         |  |  |  |
| Add: Inter segment revenue                                    |                       |          |          |          |                |         |         |         |                      |         |         |         | 1.31               | 0.02     |         |         |                 |         |         |         |         |  |  |  |
| Less: Interest  |                       |          |          |          |                |         |         |         |                      |         |         |         | (147.72)           | (130.11) |         |         |                 |         |         |         |         |  |  |  |
| Add : Exceptional items                                       |                       |          |          |          |                |         |         |         |                      |         |         |         | 92.78              | 25.34    |         |         |                 |         |         |         |         |  |  |  |
| Add : Extraordinary income                                    |                       |          |          |          |                |         |         |         |                      |         |         |         | 13.43              | -        |         |         |                 |         |         |         |         |  |  |  |
| Profit before tax   |                       |          |          |          |                |         |         |         |                      |         |         |         | 283.21             | 289.86   |         |         |                 |         |         |         |         |  |  |  |
| Taxes   |                       |          |          |          |                |         |         |         |                      |         |         |         | 87.42              | 103.69   |         |         |                 |         |         |         |         |  |  |  |
| Profit after tax  |                       |          |          |          |                |         |         |         |                      |         |         |         | 195.79             | 166.17   |         |         |                 |         |         |         |         |  |  |  |
| Segment Assets  | 1,128.81              | 1,084.33 | 2,557.13 | 2,493.98 | -              | -       | -       | -       | 365.53               | 444.98  | 30.08   | 30.04   | 4,081.55           | 4,053.32 |         |         |                 |         |         |         |         |  |  |  |
| Segment Liabilities   | 813.91                | 763.54   | 2,089.77 | 2,180.05 | -              | -       | -       | -       | 286.92               | 375.30  | 30.05   | 30.02   | 3,220.65           | 3,348.91 |         |         |                 |         |         |         |         |  |  |  |
| Total cost incurred during the year to acquire segment assets | 159.83                | 96.06    | 151.17   | 220.21   | -              | -       | -       | -       | 149.01               | 64.67   | -       | 0.08    | 460.01             | 381.02   |         |         |                 |         |         |         |         |  |  |  |
| Segment Depreciation  | 62.22                 | 57.80    | 148.44   | 137.87   | -              | 1.23    | -       | 0.17    | 15.21                | 9.16    | 0.03    | 0.03    | 225.90             | 206.26   |         |         |                 |         |         |         |         |  |  |  |
| Non-cash expenses/(income) other than depreciation            | 0.83                  | 0.31     | (0.27)   | (0.27)   | -              | -       | -       | -       | -                    | 0.17    | -       | -       | 0.56               | 0.21     |         |         |                 |         |         |         |         |  |  |  |

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 Accounts of Sundaram-Clayton Limited and its Subsidiaries

### Accounting Standards, Additional Disclosures and Notes on Accounts - (continued)

#### 7 Related party disclosures

##### (a) List of Related Parties:

|                                 |       |   |
|---------------------------------|-------|---|
| <b>Associate companies</b>      | (i)   | TVS Wind Power Limited, Chennai.  |
|                                 | (ii)  | TVS Training & Services Limited, Chennai  |
|                                 | (iii) | Emerald Haven Realty Limited, Chennai.<br>(formerly known as Green Earth Homes Limited)   |
|                                 | (iv)  | Sundram Non-Conventional Energy Systems Limited, Chennai.   |
| <b>Key Management Personnel</b> | (i)   | Mr Venu Srinivasan<br>Chairman and Managing Director, Sundaram-Clayton Limited, Chennai.<br>Chairman and Managing Director, TVS Motor Company Limited, Chennai. |
|                                 | (ii)  | Dr Lakshmi Venu<br>Director-Strategy, Sundaram-Clayton Limited, Chennai.  |
|                                 | (iii) | Mr Sudarshan Venu<br>Whole-time Director, TVS Motor Company Limited, Chennai.   |

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

##### (b) Particulars of transactions with related parties during the year 2012-13

(Rupees in crores)

| Sl. No. | Nature of transactions               | Name of the Company  | Amount         |
|---------|--------------------------------------|--|----------------|
| 1       | Receiving of services                | Sundram Non-Conventional Energy Systems Limited, Chennai                               | 0.83<br>(0.55) |
| 2       | Rendering of services                | TVS Finance & Services Limited, Chennai (PY Rs.15,000)                                 | –<br>(0.00)    |
| 3       | Lease rent received                  | Sundram Non-Conventional Energy Systems Limited, Chennai (Rs.48,000)                   | 0.01<br>(0.01) |
| 4       | Receivables                          | TVS Wind Power Limited, Chennai  | –<br>(0.19)    |
| 5       | Payables                             | Sundram Non-Conventional Energy Systems Limited, Chennai                               | 0.02<br>(0.02) |
| 6       | Investments                          | Emerald Haven Realty Limited, Chennai<br>(formerly known as Green Earth Homes Limited) | –<br>(40.00)   |
|         |                                      | Sundaram Engineering Products Services Limited, Chennai                                | –<br>(0.02)    |
|         |                                      | TVS Training & Services Limited, Chennai   | 1.50<br>–      |
| 7       | Inter Corporate Deposits Outstanding | TVS Wind Power Limited, Chennai  | –<br>(12.19)   |
| 8       | Interest received during the year    | TVS Wind Power Limited, Chennai  | –<br>(1.32)    |

Previous years figures are furnished in brackets

VENU SRINIVASAN  
*Chairman & Managing Director*

GOPAL SRINIVASAN  
*Director*

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

Chennai  
8<sup>th</sup> May, 2013

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

R RAJA PRAKASH  
*Company Secretary*

M BALASUBRAMANIAM  
*Partner*  
Membership No. F7945

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

### 8. Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March 2013

|   | (Rupees in crores)       |                          |
|---|--------------------------|--------------------------|
|   | Year ended<br>31.03.2013 | Year ended<br>31.03.2012 |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                 |                          |                          |
| Net profit before tax   | 281.90                   | 269.84                   |
| Add: Depreciation and amortisation for the year               | 225.90                   | 206.26                   |
| Amortisation of Foreign Currency Monetary Item                |                          |                          |
| Translation Difference Account                                | 4.70                     | 4.43                     |
| Movement in reserves on account of consolidation              | 7.81                     | (5.88)                   |
| Loss on sale of fixed assets                                  | 0.28                     | 0.19                     |
| Profit on sale of fixed assets                                | (0.48)                   | (2.04)                   |
| Profit on sale of investments                                 | (1.49)                   | (0.16)                   |
| Loss on sale of investments                                   | –                        | 0.63                     |
| Other non-operating income                                    | (5.11)                   | (5.01)                   |
| Diminution in value of investments                            | –                        | (5.79)                   |
| Exceptional (Income)/loss                                     | (92.78)                  | (25.34)                  |
| Extraordinary (Income)/loss                                   | (13.43)                  | –                        |
| Dividend income   | (1.79)                   | (0.89)                   |
| Interest income   | (18.54)                  | (12.95)                  |
| Interest expenditure  | 144.69                   | 120.32                   |
|   | 249.76                   | 273.77                   |
| <b>Operating profit before working capital changes</b>        | <b>531.66</b>            | <b>543.61</b>            |
| Adjustments for:  |                          |                          |
| Trade Receivables   | (60.11)                  | 36.07                    |
| Inventories   | 24.83                    | (89.70)                  |
| Short-term loans and advances                                 | (7.43)                   | (8.86)                   |
| Other current assets  | (34.09)                  | (2.21)                   |
| Trade payables  | 88.96                    | 55.12                    |
| Other non-current liabilities                                 | 24.83                    | (37.12)                  |
| Other current liabilities                                     |                          |                          |
| (excluding current maturities of long term loans)             | (57.60)                  | 58.88                    |
| Short-term provisions   | 15.01                    | (5.33)                   |
|   | (5.60)                   | 6.85                     |
| Cash generated from operations                                | 526.06                   | 550.46                   |
| Direct taxes paid   | (66.64)                  | (68.32)                  |
| <b>Net cash from operating activities (A)</b>                 | <b>459.42</b>            | <b>482.14</b>            |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>                  |                          |                          |
| Purchase of fixed assets (including capital work-in-progress) | (238.04)                 | (562.62)                 |
| Sale of fixed assets (net of depreciation)                    | 61.79                    | 41.03                    |
| Profit on sale of fixed assets                                | 0.48                     | 2.04                     |
| Loss on sale of fixed assets                                  | (0.28)                   | (0.19)                   |
| Long-term loans and advances                                  | (10.74)                  | 32.01                    |
| Other non-current assets                                      | (3.65)                   | 0.45                     |
| Sale/(Purchase) of investments                                | (51.90)                  | (51.86)                  |
| Exceptional income/ (loss)                                    | 92.78                    | 25.34                    |
| Extraordinary income/ (loss)                                  | 13.43                    | –                        |
| Profit on sale of investments                                 | 1.49                     | 0.16                     |
| Loss on sale of investments                                   | –                        | (0.63)                   |
| Movement in reserves on account of scheme                     | –                        | 8.70                     |
| Interest received   | 18.54                    | 12.95                    |
| Dividend received   | 1.79                     | 0.89                     |
| <b>Net Cash from/(used in) investing activities (B)</b>       | <b>(114.31)</b>          | <b>(491.73)</b>          |

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

### 8. Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March 2013 (continued)

|   |                | (Rupees in crores)       |                          |
|---|----------------|--------------------------|--------------------------|
|   |                | Year ended<br>31.03.2013 | Year ended<br>31.03.2012 |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>                    |                |                          |                          |
| Borrowings:   |                |                          |                          |
| Long-term loans availed/(repaid)                                |                | (52.76)                  | 46.46                    |
| Short-term loans availed/ (repaid)                              |                | (132.86)                 | 109.97                   |
| Long-term provisions  |                | (5.05)                   | 6.12                     |
| Other non-operating income                                      |                | 5.11                     | 5.01                     |
| Interest paid   |                | (144.69)                 | (120.32)                 |
| Dividend and dividend tax paid                                  |                | (64.59)                  | (34.10)                  |
| Government grant  |                | —                        | 0.17                     |
| <b>Net cash from financing activities</b>                       | <b>( C )</b>   | <u>(394.84)</u>          | <u>13.31</u>             |
| <b>D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b> |                |                          |                          |
|   | <b>(A+B+C)</b> | (49.73)                  | 3.72                     |
| Cash and cash equivalents at the beginning of the year          |                |                          |                          |
| Cash and Bank   |                | 143.74                   | 123.69                   |
| Cash credit balance   |                | <u>(263.87)</u>          | <u>(247.54)</u>          |
|   |                | (120.13)                 | (123.85)                 |
| Cash and cash equivalents at the end of the year                |                |                          |                          |
| Cash and Bank   |                | 81.80                    | 143.74                   |
| Cash credit balance   |                | <u>(251.66)</u>          | <u>(263.87)</u>          |
|   |                | (169.86)                 | (120.13)                 |

Notes:

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

VENU SRINIVASAN  
Chairman & Managing Director

GOPAL SRINIVASAN  
Director

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

Chennai  
8<sup>th</sup> May, 2013

V N VENKATANATHAN  
Executive Vice-President (Finance)

R RAJA PRAKASH  
Company Secretary

M BALASUBRAMANIAM  
Partner  
Membership No. F7945

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

### DISCLOSURE OF INFORMATION RELATING TO SUBSIDIARIES AS REQUIRED BY THE CENTRAL GOVERNMENT UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956

| Particulars                         | Name of subsidiaries   |                               |                 |                       |                                 |                                |                  |                      |                                |  |                  |               |
|-------------------------------------|------------------------|-------------------------------|-----------------|-----------------------|---------------------------------|--------------------------------|------------------|----------------------|--------------------------------|--|------------------|---------------|
|                                     | TVS Motor Company Ltd. | Sundaram Auto Components Ltd. | TVS Energy Ltd. | TVS Motor Europe B.V. | TVS Motor (Singapore) Pte. Ltd. | PT TVS Motor Company Indonesia | TVS Housing Ltd. | TVS Wind Energy Ltd. | Sundaram-Clayton (USA) Limited | Sundaram Business Development Consulting (Shanghai) Co. Ltd. China |                  |               |
| Reporting Currency                  | INR in Crores          | INR in Crores                 | INR in Crores   | US Dollar in Millions | Singapore \$ in Millions        | INR in Crores                  | INR in Crores    | INR in Crores        | US Dollar in Millions          | INR in Crores  | RMB ¥ in Million | INR in Crores |
|                                     | Year ended 31.03.2013  |                               |                 |                       |                                 |                                |                  |                      |                                |  |                  |               |
| (a) Capital                         | 47.51                  | 11.55                         | 81.25           | 28.85                 | 64.36                           | 201.20                         | 434.28           | 13.90                | - #                            | -  | 0.95             | 0.81          |
| (b) Reserves                        | 1,177.16               | 75.72                         | (7.22)          | (20.66)               | (0.43)                          | (5.15)                         | (419.81)         | 2.17                 | -                              | -  | (0.55)           | (0.47)        |
| (c) Total assets                    | 3,119.27               | 306.34                        | 335.39          | 15.71                 | 63.97                           | 196.17                         | 239.36           | 45.72                | 0.01                           | 0.08   | 0.45             | 0.39          |
| (d) Total liabilities               | 3,119.27               | 306.34                        | 335.39          | 15.71                 | 63.97                           | 196.17                         | 239.36           | 45.72                | 0.01                           | 0.08   | 0.45             | 0.39          |
| (e) Details of investment (*)       | 345.71                 | 28.00                         | -               | -                     | -                               | -                              | -                | -                    | -                              | -  | -                | -             |
| (f) Turnover including other income | 7,088.85               | 1,368.34                      | 41.51           | 0.65                  | -                               | -                              | 193.81           | 11.12                | -                              | 0.02   | 0.70             | 0.60          |
| (g) Profit before taxation          | 163.61                 | 21.87                         | 4.90            | 0.12                  | (0.01)                          | (0.05)                         | 7.57             | 4.71                 | -                              | -  | (0.55)           | (0.43)        |
| (h) Provision for taxation          | 47.56                  | 8.25                          | 0.45            | 0.13                  | -                               | -                              | 32.07            | 1.49                 | -                              | -  | -                | 0.03          |
| (i) Profit / (loss) after taxation  | 116.05                 | 13.62                         | 4.45            | (0.01)                | (0.01)                          | (0.05)                         | (24.50)          | 3.22                 | -                              | -  | (0.55)           | (0.46)        |
| (j) Proposed dividend               | 28.51                  | 2.89                          | -               | -                     | -                               | -                              | -                | -                    | -                              | -  | -                | -             |

(\*) except in case of investment in subsidiaries (†) Share Capital of the Company is USD 100

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

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

| Particulars              | For assets and liabilities at Closing exchange Rate | For Profit & Loss items at Daily Average Rate |
|--------------------------|---|---|
| US Dollar to INR         | Rs. 54.36 / US \$                                   | Rs. 54.31 / US \$                             |
| Singapore \$ to INR      | Rs. 43.81 / Singapore \$                            | Rs. 43.70 / Singapore \$                      |
| Indonesian Rupiah to INR | Re. 0.00565 / IDR                                   | Re. 0.00575 / IDR                             |
| RMB Yuan to INR          | Rs. 8.6531 / RMB                                    | Rs. 8.6058 / RMB                              |

# Sundaram-Clayton Limited

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

**ATTENDANCE SLIP**

Please hand over this admission slip at the entrance of meeting hall

NAME AND ADDRESS OF THE SHARE HOLDER

NO. OF SHARES HELD

## 51<sup>st</sup> ANNUAL GENERAL MEETING

27<sup>th</sup> August, 2013 at 10.35 A.M.

The Music Academy, 168, (Old No. 306),  
T.T.K. Road, Royapettah Chennai - 600 014.

NAME OF PROXY (If proxy attends instead of member)

I hereby register my presence at the annual general meeting.

Signature of Member / Proxy

## REQUEST TO MEMBERS

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

Tear here

# Sundaram-Clayton Limited

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

**PROXY FORM**

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

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a Member / Members of

Sundaram-Clayton Limited hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district

of \_\_\_\_\_ or failing him / her \_\_\_\_\_ of \_\_\_\_\_ in the district of

\_\_\_\_\_ as my / our proxy to attend and vote for me/us on my/our behalf at the 51<sup>st</sup> Annual General Meeting of the

Company to be held on Tuesday, the 27<sup>th</sup> August 2013 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

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

Revenue  
Stamp

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

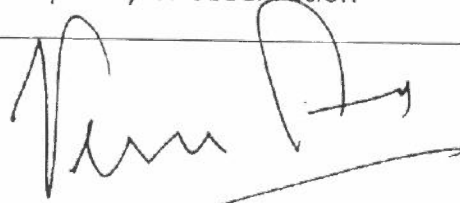
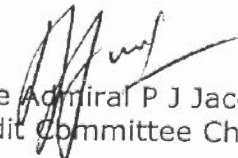

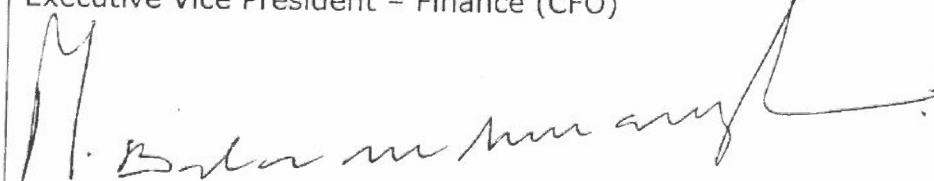
\* Applicable for investors holding shares in electronic form.

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

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

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

|   |  |                             |
|---|--|-----------------------------|
| 1.  | Name of the Company                            | Sundaram-Clayton Limited    |
| 2.  | Annual financial statements for the year ended | 31 <sup>st</sup> March 2013 |
| 3.  | Type of Audit observation                      | Un-qualified                |
| 4.  | Frequency of observation                       | Annual - April to March     |
|  <p>Venu Srinivasan<br/>CEO/Chairman and Managing Director</p>  <p>Vice Admiral P J Jacob (Retd)<br/>Audit Committee Chairman</p>  <p>V N Venkatanathan<br/>Executive Vice President - Finance (CFO)</p>  <p>M Balasubramaniyam<br/>Partner<br/>Sundaram &amp; Srinivasan, Chartered Accountants<br/>Statutory Auditors of the company</p> |  |                             |