



# Sundaram-Clayton Limited

Registered Office :  
"Jayalakshmi Estates"  
29, Haddows Road,  
Chennai - 600 006, Tamilnadu, India.  
Telephone : +91-44-28272233  
Fax : +91-44-28257121

27<sup>th</sup> June, 2019

BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai 400 001.  
**Scrip code: 520056**

National Stock Exchange of India Ltd.,  
Exchange Plaza, 5<sup>th</sup> Floor,  
Bandra-Kurla Complex,  
Bandra (E), Mumbai 400 051.  
**Scrip code: SUNCLAYLTD**

Dear Sirs,

**Reg : Submission of Notice of 57<sup>th</sup> Annual General Meeting (AGM) and Annual Report for the FY 2018-19 under Regulation 30 and 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Pursuant to Regulation 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Notice of 57<sup>th</sup> AGM and Annual Report for the FY 2018-19.

The aforesaid documents are available on the website of the company viz., [www.sundaram-clayton.com](http://www.sundaram-clayton.com).

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,  
For SUNDARAM-CLAYTON LIMITED

  
R Raja Prakash  
Company Secretary

*Sundaram-Clayton Limited*

*57th Annual Report 2019*

## Sundaram-Clayton Limited

### Board of Directors

VENU SRINIVASAN  
*Chairman & Managing Director*  
Dr. LAKSHMI VENU  
*Joint Managing Director*  
SUDARSHAN VENU  
GOPAL SRINIVASAN  
T K BALAJI  
VICE ADMIRAL P J JACOB (Retd.)  
S SANTHANAKRISHNAN  
V SUBRAMANIAN  
R VIJAYARAGHAVAN  
KAMLESH GANDHI  
R GOPALAN  
SASIKALA VARADACHARI (w.e.f. 24.10.2018)

### Audit Committee

VICE ADMIRAL P J JACOB (Retd.)  
*Chairman*  
T K BALAJI  
S SANTHANAKRISHNAN  
V SUBRAMANIAN  
R GOPALAN

### Risk Management Committee

VICE ADMIRAL P J JACOB (Retd.),  
*Chairman*  
Dr. LAKSHMI VENU  
R GOPALAN  
C NARASIMHAN  
K GOPALA DESIKAN

### Stakeholders' Relationship Committee

S SANTHANAKRISHNAN  
*Chairman*  
Dr. LAKSHMI VENU  
R VIJAYARAGHAVAN

### Nomination and Remuneration Committee

VICE ADMIRAL P J JACOB (Retd.)  
*Chairman*  
V SUBRAMANIAN  
R VIJAYARAGHAVAN

### Corporate Social Responsibility Committee

VENU SRINIVASAN  
*Chairman*  
Dr. LAKSHMI VENU  
VICE ADMIRAL P J JACOB (Retd.)

### Executive Director

H LAKSHMANAN

### President and Chief Executive Officer

VIVEK S JOSHI

### Chief Financial Officer

K GOPALA DESIKAN

### Company Secretary

R RAJA PRAKASH

### Statutory Auditors

M/s. RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants,  
No. 17/12, II Floor, Casa Capitol,  
Wood Street, Ashoknagar, Bengaluru - 560 025.  
Tel. : 080-2556 7578 / 2551 4771  
E-mail : sathya@nca-india.com

### Cost Auditor

A N RAMAN  
Cost Accountant,  
No.10, P. Muthukumaraswami Salai,  
Off. Baby Nagar 1<sup>st</sup> Main Road, Velachery,  
Chennai - 600 042.  
Tel. : 044-2243 3462  
E-mail : anraman@gmail.com

### Secretarial Auditor

B CHANDRA  
Practising Company Secretary  
AG 3, Ragamalika,  
No. 26, Kumaran Colony Main Road,  
Vadapalani, Chennai 600 026  
E-mail : bchandra1@gmail.com

### Shares listed with

BSE Limited, Mumbai  
National Stock Exchange of India Limited, Mumbai

### Share Transfer Department

"Jayalakshmi Estates", 1<sup>st</sup> Floor,  
Haddows Road, Chennai - 600 006  
Tamil Nadu, India.  
Tel. : 044 - 2827 2233  
Fax : 044 - 2825 7121  
E-mail : raman@scl.co.in  
investorscomplaintssta@scl.co.in

### Bankers

STATE BANK OF INDIA  
Corporate Accounts Group Branch  
Chennai

### Registered Office

"Jayalakshmi Estates"  
29, Haddows Road  
Chennai - 600 006, Tamil Nadu, India.  
Tel. : 044 - 2827 2233  
Fax : 044 - 2825 7121  
CIN : L35999TN1962PLC004792  
E-mail : corpsec@scl.co.in  
Website: [www.sundaram-clayton.com](http://www.sundaram-clayton.com)

### Plant Locations

#### Padi

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

#### Mahindra World City

Plot No. AA5, VI Avenue  
Auto Ancillary SEZ, Mahindra World City,  
Chengalpattu, Kancheepuram District - 603 004,  
Tamil Nadu, India.  
Tel. : 044 - 4749 0049

#### 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

### Subsidiary Companies

TVS Motor Company Limited  
Sundaram-Clayton (USA) Limited, USA  
Sundaram Holding USA Inc., USA  
Sundaram Auto Components Limited  
TVS Housing Limited  
TVS Motor Services Limited  
TVS Credit Services Limited  
PT. TVS Motor Company Indonesia, Jakarta  
TVS Motor Company (Europe) B.V., Amsterdam  
TVS Motor (Singapore) Pte. Limited, Singapore

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## Sundaram-Clayton Limited

### FINANCIAL HIGHLIGHTS INCLUDING SELECTED INDICATORS AND RATIOS

(Rupees in crores)

Financial Year ended	2010	2011	2012	2013	2014	2015	2016**	2017**	2018**	2019**
Sales	492.7	805.7	1017.0	1018.6	1196.8	1346.1	1527.9	1515.4	1672.3	1833.1
Other income	46.3	22.2	34.2	38.1	35.8	55.0	105.1	74.3	94.4	99.9
Total	539.0	827.9	1051.2	1056.7	1232.6	1401.1	1633.0	1589.7	1766.7	1932.9
Exceptional Income	-	-	25.3	-	5.8	3.1	6.0	2.3	-	-
Total Income	539.0	827.9	1076.5	1056.7	1238.4	1404.2	1639.0	1592.0	1766.7	1932.9
Gross profit before interest, depn & tax	71.8	107.8	166.7	127.9	149.7	181.1	249.8	208.9	107.6	277.8
Depreciation	37.6	40.8	47.3	51.3	53.2	59.8	55.0	60.6	73.1	92.2
Profit before interest & tax	34.2	67.0	119.4	76.6	96.5	121.3	194.8	148.3	34.5	185.6
Interest	20.5	21.7	38.4	44.3	35.7	36.9	32.3	28.6	33.7	55.2
Profit before taxation	13.7	45.3	81.0	32.3	60.8	84.4	162.5	119.7	0.8	130.5
Profit after taxation	12.4	37.3	72.3	35.4	53.7	71.2	144.4	105.6	54.9	119.7
Net fixed assets	307.4	366.1	395.0	408.8	405.9	418.2	456.9	531.3	699.9	760.5
Net current assets	172.6	212.6	230.0	248.6	256.0	289.1	290.0	257.6	321.1	325.4
Share capital	18.9 <sup>(a)</sup>	18.9	9.5 <sup>(b)</sup>	9.5	10.1 <sup>(c)</sup>	10.1	10.1	10.1	10.1	10.1
Reserves & surplus	225.4	241.3	273.0	282.6	333.5	364.5	493.0	601.5	653.9	678.6
Net worth	244.3	260.2	282.5	292.1	343.6	374.6	503.1	611.6	664.0	688.7
Loan funds	288.7	359.5	389.7	414.3	362.2	378.2	369.1	354.2	665.5	723.7
Deferred taxation (net)	20.3	21.7	20.0	16.9	18.5	22.3	30.0	35.8	(20.1)	(20.3)
EPS (Rs)	3.3	9.8	30.1	18.7	27.0	35.2	71.4	52.2	27.1	59.1
DPS (Rs)	1.8	5.8	11.5	14.0	19.3	19.0	41.0	31.5	15.0	36.0
Book value per share (Rs)	64.4	68.6	148.9	153.9	169.8	185.2	248.7	302.3	328.2	340.4
Return on capital employed (ROCE) %	6.0	11.2	17.9	10.8	13.3	16.2	23.2	15.6	3.0	13.7
Return on net worth (RONW) %	5.2	14.8	26.6	12.3	16.9	19.8	32.9	18.9	8.6	17.7
Fixed assets turnover (no. of times)	1.6	2.4	2.7	2.5	2.9	3.3	3.5	3.1	2.7	2.5
Working capital turnover (no. of times)	2.5	4.2	4.6	4.3	4.7	4.9	5.3	5.5	5.8	5.7
Gross profit as % of sales (EBITDA)	14.6	13.4	13.9	12.6	12.0	13.2	15.9	13.6	6.4	15.2
Gross profit as % of total income	13.3	13.0	13.4	12.1	11.7	12.7	14.9	13.0	6.1	14.4
Net profit as % of total income	2.3	4.5	4.5	3.4	3.9	4.9	8.5	6.5	3.1	6.2

ROCE is profit before interest and taxation divided by average capital employed

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.

Profitability ratios are calculated without considering exceptional income.

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

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

(c) IPP Issue of 12,64,501 equity shares.

#### Notes:

- 2011-12 financials were 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 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.
- \*\* i) Figures for these years are as per new accounting standards (Ind AS) and Schedule III of Companies Act, 2013. ROCE and RONW for these years are computed on the basis of figures as per Ind AS. Hence these numbers are not comparable with previous years.  
ii) Sales figures are inclusive of excise duty.

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifty-seventh annual general meeting of the Company (AGM) will be held at 'The Music Academy', New No. 168 (Old No. 306) T.T.K. Road, Royapettah, Chennai 600 014 on Tuesday, the 23<sup>rd</sup> of July, 2019 at 10.35 A.M to transact the following businesses:

#### ORDINARY BUSINESS

1. To consider passing the following resolution as an ordinary resolution:

RESOLVED THAT the standalone and consolidated audited financial statements for the year ended 31<sup>st</sup> March 2019, together with the Directors' Report and the Auditors' Report thereon as circulated to the Members and presented to the meeting be and are hereby approved and adopted.

2. To consider passing the following resolution as an ordinary resolution:

"RESOLVED THAT Mr Sudarshan Venu (holding DIN 03601690), 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 passing the following resolution as an ordinary resolution:

"RESOLVED THAT Mr T K Balaji (holding DIN 00002010), 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."

#### SPECIAL BUSINESS

4. To consider passing the following resolution as an ordinary resolution:

"RESOLVED THAT subject to the provisions of Sections 149 (read with Schedule IV), 152, 160, 161 and other applicable provisions of the Companies Act, 2013 (the Act, 2013) and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Ms Sasikala Varadachari (holding DIN 07132398), who was appointed as an Additional Director and Non-Executive Independent Director, and who holds office upto the date of this AGM and in respect of whom the Company has received a notice in writing from a shareholder under Section 160 of the Act, 2013, consent of Members be and is hereby accorded for her appointment as a Non-Executive and Independent Director of the Company, for a term of five consecutive years w.e.f. 24<sup>th</sup> October 2018 and whose office shall not be liable to retire by rotation during the period, and to receive remuneration by way of profit related commission, if any, within the permissible limit in terms of Section 197 of the Act, 2013, as determined by the Board, from time to time including reimbursement of expenses and fees for participation in the

meetings of the board and / or committees in terms of applicable provisions of the Act, 2013."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. To consider passing the following resolution as a special resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149 (read with Schedule IV), 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 (the Act, 2013) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended), based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Vice Admiral P J Jacob (DIN 00173785), who holds office as an Independent Director upto 20<sup>th</sup> August 2019 and in respect of whom the Company has received a notice in writing from a shareholder under Section 160 of the Act, 2013 and being eligible, consent of members be and is hereby accorded for his re-appointment as an Independent Director of the Company, not liable to retire by rotation and to hold office for the second term of 5 (five) consecutive years, i.e. from 21<sup>st</sup> August 2019 to 20<sup>th</sup> August 2024 and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees thereof and profit related commission, if any, in terms of applicable provisions of the Act, 2013 and as determined by the board from time to time."

6. To consider passing the following resolution as a special resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149 (read with Schedule IV), 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 (the Act, 2013) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended), based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr V Subramanian (DIN 00357727), who holds office as an Independent Director upto 20<sup>th</sup> August 2019 and in respect of whom the Company has received a notice in writing from a shareholder under Section 160 of the Act, 2013 and being eligible, consent of members be and is hereby accorded for his re-appointment as an Independent Director of the Company, not liable to retire by rotation and to hold office for the second term of 3 (three) consecutive years, i.e. from 21<sup>st</sup> August 2019 to 20<sup>th</sup> August 2022 and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees thereof and profit related commission, if any, in terms of applicable provisions of the Act, 2013 and as determined by the board from time to time."

7. To consider passing the following resolution as a special resolution:  
"RESOLVED THAT pursuant to the provisions of Sections 149 (read with Schedule IV), 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 (the Act, 2013) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended), based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr S Santhanakrishnan (DIN 00005069), who holds office as an Independent Director upto 20<sup>th</sup> August 2019 and in respect of whom the Company has received a notice in writing from a shareholder under Section 160 of the Act, 2013 and being eligible, consent of members be and is hereby accorded for his re-appointment as an Independent Director of the Company, not liable to retire by rotation and to hold office for the second term of 3 (three) consecutive years, i.e. from 21<sup>st</sup> August 2019 to 20<sup>th</sup> August 2022 and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees thereof and profit related commission, if any, in terms of applicable provisions of the Act, 2013 and as determined by the board from time to time."
8. To consider passing the following resolution as a special resolution:  
"RESOLVED THAT pursuant to the provisions of Sections 149 (read with Schedule IV), 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 (the Act, 2013) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended), based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr R Vijayaraghavan (DIN 00026763), who holds office as an Independent Director upto 20<sup>th</sup> August 2019 and in respect of whom the Company has received a notice in writing from a shareholder under Section 160 of the Act, 2013 and being eligible, consent of members be and is hereby accorded for his re-appointment as an Independent Director of the Company, not liable to retire by rotation and to hold office for the second term of 3 (three) consecutive years, i.e. from 21<sup>st</sup> August 2019 to 20<sup>th</sup> August 2022 and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees thereof and profit related commission, if any, in terms of applicable provisions of the Act, 2013 and as determined by the board from time to time."
9. To consider passing the following resolution as a special resolution:  
"RESOLVED THAT pursuant to the provisions of Sections 149 (read with Schedule IV), 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 (the Act, 2013) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended), based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr Kamlesh Gandhi (DIN 00004969), who holds office as an Independent Director upto 20<sup>th</sup> August 2019 and in respect of whom the Company has received a notice in writing from a shareholder under Section 160 of the Act, 2013 and being eligible, consent of members be and is hereby accorded for his re-appointment as an Independent Director of the Company, not liable to retire by rotation and to hold office for the second term of 3 (three) consecutive years, i.e. from 21<sup>st</sup> August 2019 to 20<sup>th</sup> August 2022 and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees thereof and profit related commission, if any, in terms of applicable provisions of the Companies Act, 2013 and as determined by the board from time to time."
10. To consider passing the following resolution as a special resolution:  
"RESOLVED THAT pursuant to the provisions of Sections 149 (read with Schedule IV), 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 (the Act, 2013) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended), based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr R Gopalan (DIN 01624555), who holds office as an Independent Director upto 23<sup>rd</sup> July 2019 and in respect of whom the Company has received a notice in writing from a shareholder under Section 160 of the Act, 2013 and being eligible, consent of members be and is hereby accorded for his re-appointment as an Independent Director of the Company, not liable to retire by rotation and to hold office for the second term of 3 (three) consecutive years, i.e. from 24<sup>th</sup> July 2019 to 23<sup>rd</sup> July 2022 and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees thereof and profit related commission, if any, in terms of applicable provisions of the Act, 2013 and as determined by the board from time to time."
11. To consider passing the following resolution as an ordinary resolution:  
"RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration of ₹ 3.50 lakhs (Rupees three lakhs and fifty thousand only), in addition to reimbursement of all applicable taxes, travelling and out-of-pocket expenses,

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payable to Mr A N Raman, practising cost accountant, holding Membership No. 5359, allotted by The Institute of Cost Accountants of India, who was re-appointed as cost auditor of the Company for the year 2019-20 by the board of directors of the Company, as recommended by the audit committee, be and is hereby ratified.

By order of the Board of Directors

Chennai  
2<sup>nd</sup> May 2019

R Raja Prakash  
Company Secretary

Registered office:  
"Jayalakshmi Estates"  
29, Haddows Road  
Chennai - 600 006

Notes:

The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the Act, 2013), in respect of the special businesses to be transacted at the AGM, as set out in the Notice is annexed hereto.

### Proxy

- 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.**

**A person shall not act as a Proxy for more than 50 members and holding in aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a Proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a Proxy for any other person.**

2. During the period beginning 24 hours before the time fixed for the commencement of AGM and ending with the conclusion of the AGM, a member is entitled to inspect the proxies lodged, at any time during the business hours of the Company.

### Unclaimed Dividend

3. In terms of Section 124 of the Act 2013, the dividend declared by the Company, for earlier years, 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.
4. Members who have not encashed their dividend warrants in respect of the above period are requested to make their claim(s) by surrendering the un-encashed warrants immediately to the Company.

Pursuant to The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company is providing / hosting the required details of unclaimed amount referred to under Section 124 of the Act, 2013 on its website and also on the website of the Ministry of Corporate Affairs (MCA) viz., [www.iepf.gov.in](http://www.iepf.gov.in).

### General

5. With a view to serving the Members better and for administrative convenience, Members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings in one folio.
6. A Corporate Member, intending to send its authorised representative to attend the Meeting in terms of Section 113 of the Act, 2013 is requested to send to the Company a certified copy of the Board Resolution / power of attorney authorizing such representative to attend and vote on its behalf at the Meeting.
7. Members may also note that the Notice of the AGM and the Annual Report will also be available on the Company's website viz., [www.sundaram-clayton.com](http://www.sundaram-clayton.com) for their download. The physical copies of the aforesaid documents including annexures along with Notice will also be available at the Company's Registered Office for inspection during 10.00 a.m. to 12.00 Noon on all working days, from 20<sup>th</sup> June 2019 till the date of AGM.
8. As a measure of economy, copies of the Annual Report will not be distributed at the venue of AGM. Members are, therefore, requested to bring their copies of the Annual Report to the meeting.
9. Members are requested to affix their signatures at the space provided in the Attendance Slip annexed to Proxy Form. Members/ Proxies / Authorised Representatives are requested to bring the attendance slip duly filled in for attending the Meeting. Members are requested to write their Client ID and DP ID / Folio numbers in the attendance slip for attending the Meeting and handover the slip at the entrance of the meeting hall.

### Members holding shares in electronic form

10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members are requested to submit their PAN to the Depository Participant(s) (DP) with whom they are maintaining their demat account.
11. Members are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address / name, e-mail address, contact numbers, etc., to their DP.
12. The Company will not entertain any direct request from such Members for deletion or change of such bank details. Instructions, if any, already given by Members in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares in electronic form.
13. Electronic copy of the Annual Report and the Notice of the AGM *inter-alia* indicating the process and manner of e-Voting along with

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Attendance Slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company / DPs for communication purposes, unless any member has requested for a hard copy of the same.

14. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post at free of cost. For any communication, the members may also send their requests to [investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@scl.co.in).

### Members holding shares in physical form

15. Members can submit their PAN details to the Company / Share Transfer Department.
16. Members are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nomination as per Section 72 of the Act, 2013 by filling Form SH-13, power of attorney, change of address / name, e-mail address, contact numbers, etc., with the Company / Share Transfer Department. Blank forms (SH-13) will be supplied on request.
17. Members holding shares in physical form, in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding / trading.

For members who have not registered their email address, physical copies of Annual Report and the Notice of the AGM *inter-alia* indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form are being sent in the permitted mode.

### Voting

18. The businesses set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the meeting ('remote e-Voting').
19. The facility for voting through Ballot papers shall be made available at the venue of AGM and the members attending the AGM who have not cast their vote by remote e-Voting shall be able to vote at AGM.
20. In case of joint holders attending AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
21. In terms of Section 108 of the Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014, as amended ('the Rules') and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Company has provided facility to exercise votes through electronic voting system, to members holding shares as on 16<sup>th</sup> July 2019 being the "Cut-off Date" ("Cut-Off" for the purpose of Rule 20(4)(vii) of the Rules) fixed for determining voting rights of members entitled to participate in the remote e-Voting process through the platform provided by NSDL viz., [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

The voting rights of the Members / Beneficial Owners will be reckoned on the Equity Shares held by them as on Cut-off date. Members as on the Cut-off date only shall be entitled to avail the facility of remote e-Voting or Ballot Paper.

The instructions for remote e-Voting are as under:

- (A) For members - who receive notice of AGM through e-mail:
- (i) Launch internet browser by typing the following [www.evoting.nsdl.com](http://www.evoting.nsdl.com);
  - (ii) Enter the login credentials, i.e., User ID and Password mentioned in your email. However, if you have already registered with NSDL for e-Voting, you can use your existing User ID and Password for casting your votes;
  - (iii) Initial password is provided in the body of the e-mail;
  - (iv) After entering the details appropriately, click on LOGIN;
  - (v) You will reach the Password Change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential;
  - (vi) You need to login again with the new credentials;
  - (vii) On successful login, the system will prompt you to select the EVEN, i.e Sundaram-Clayton Limited;
  - (viii) On the voting page, the number of shares (which represents the number of votes) as held by the member as on the Cut-Off-date will appear. If you desire to cast all the votes assenting/dissenting to the resolutions, then enter all the number of shares and click "FOR" / "AGAINST", as the case may be or partially in "FOR" and partially in "AGAINST", but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the 'Cut-Off date'. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head;
  - (ix) Members holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat account;
  - (x) Cast your votes by selecting an appropriate option and click on "SUBMIT". A confirmation box will be displayed. Click 'OK' to confirm or 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolutions;
  - (xi) Corporate / Institutional Members are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail at [bchandraandassociates@gmail.com](mailto:bchandraandassociates@gmail.com), with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in);



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- (xii) Members can cast their vote online from 20<sup>th</sup> July 2019 (Saturday) (9 a.m.) till 22<sup>nd</sup> July 2019 (Monday) (5 p.m.) through remote e-Voting. Thereafter, the remote e-Voting module will be disabled by NSDL for voting and hence e-Voting will not be allowed beyond the aforesaid date and time;

Only members as on the Cut-Off date, who have not cast their vote through remote e-Voting will be able to exercise their voting right at AGM through ballot paper;

The members who have cast their vote by remote e-Voting prior to the AGM may also attend the AGM but will not be entitled to cast their vote again;

A person who is not a member as on the Cut Off date should treat this Notice for information purposes only; and

- (xiii) In case of any query, the member may refer the Frequently Asked Questions (FAQs) and remote e-Voting user manual for Members available at the downloads Section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.

(B) For members who receive the Notice of AGM in physical form:

- (i) Initial password is provided as below / at the bottom of the Attendance Slip for the AGM.

EVEN (remote e-Voting Event Number)	USER ID	PASSWORD / PIN

- (ii) Please follow steps from Sl. No. (ii) to (xiii) under heading (A) above to vote through e-Voting platform.

(C) General Instructions:

- (i) The Notice of the AGM is being sent (by email where email ID is available and in physical form in other cases) to the members holding shares of the Company as on 20<sup>th</sup> June 2019;

Where Notice is sent by email, User ID and password are sent in the email itself. Where notice is sent in physical form, User ID and Password are printed at the bottom of the Attendance Slip for the AGM sent along with the Notice;

Shareholders who become members of the Company, after despatch of notice and hold shares as on 16<sup>th</sup> July 2019 may obtain the User ID and password for e-Voting by sending an email, intimating DP ID and Client ID / Folio No. to [raman@scl.co.in](mailto:raman@scl.co.in) or member may send an e-mail request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or can vote through ballot paper distributed at the venue of AGM;

- (ii) M/s B Chandra & Associates, Practising Company Secretaries (Reg. No. P2017TN065700), Chennai have been appointed by the Board as scrutinizers for conducting the remote e-Voting process and voting through ballot papers at the AGM, in a fair and transparent manner;

- (iii) The Scrutinizer shall, immediately after the conclusion of the voting at the AGM, first count the votes cast at the meeting, thereafter unlock the votes through remote e-Voting in the presence of at least two witnesses, not in employment of the Company and make, within 48 hours from the conclusion of the AGM, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman of the Company or any other Director, who shall countersign the same; and

- (iv) The Scrutinizer will submit their report to the Chairman, or any other Director, who will declare the result of the voting. The results declared along with the Scrutinizer's report will be placed on the Company's website [www.sundaram-clayton.com](http://www.sundaram-clayton.com) & on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) and shall also be communicated to the Stock Exchanges. All the resolutions, subject to receipt of requisite number of votes, shall be deemed to be passed at the AGM scheduled to be held on 23<sup>rd</sup> July 2019.

22. Route-map to the venue of AGM is provided in the attendance slip;

23. Any query relating to financial statements must be sent to the Company's Registered Office atleast seven days before the date of AGM;

24. In accordance with the provisions of Article 129 of the Articles of Association of the Company, M/s Sudarshan Venu and T K Balaji will retire by rotation at AGM and being eligible offer themselves for re-appointment; and

25. In terms of 36(3) of the Listing Regulations read with Secretarial Standards on General Meeting, brief profile of the directors, who are proposed to be re-appointed / appointed in this AGM, nature of their expertise in specific functional areas, other directorships and committee memberships, their shareholding and relationship with other directors of the Company are given below:

### I. Mr Sudarshan Venu

Mr Sudarshan Venu, aged 30 years, completed his graduation in 2010 with Honors at the Jerome Fisher Program in Management and Technology at the University of Pennsylvania, USA.

He holds B.S. in Mechanical Engineering from the School of Engineering and Applied Sciences and B.S. in Economics from the Wharton School - USA. He completed his M.Sc in International Technology Management from the Warwick Manufacturing Group attached to University of Warwick in U.K.

In the initial years, he underwent practical training in Die Casting Division of the Company and in TVS Motor Company Limited (TVSM), the subsidiary company. He serves as the Joint Managing Director of TVSM and is actively involved in all spheres of the management of TVSM and handling wider responsibilities for exploring new business opportunities both in India and abroad.

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He attended 4 (four) Board Meetings held during the year 2018-19.

He does not hold any share in the Company. He is related to Mr Venu Srinivasan, Chairman & Managing Director and Dr. Lakshmi Venu, Joint Managing Director of the Company.

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

S.No.	Name of the Companies	Position held	Committee Membership/ Chairmanship
1.	TVS Motor Company Limited	Joint Managing Director	Member : Stakeholders' Relationship Committee and Risk Management Committee
2.	TVS Credit Services Limited	Director	Member : Asset Liability Management Committee
3.	S. Venu Trustee Private Limited	Director	-
4.	TVS Housing Finance Private Limited	Director	-

### II. Mr T K Balaji

Mr T K Balaji, aged 71 years, is a bachelor of engineering, securing first rank from Madras University and is also a Master of Business Administration from IIM Ahmedabad with a Gold medal for outstanding scholastic performance.

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

He is the Chairman & Managing Director of Lucas - TVS Limited and Managing Director of Delphi - TVS Diesel Systems Limited.

He is also the Chairman for India Nippon Electricals Limited and Lucas Indian Service Limited.

He is a Member of Audit Committee of the Company. He does not hold any share in the Company and is not related to any Director and Key Managerial Personnel of the Company.

He attended 2 Board Meetings held during the year 2018-19.

Details of his other directorships and memberships / chairmanships of committees are given below:

S.No.	Name of the Companies	Position held	Committee Membership/ Chairmanships
1.	India Nippon Electricals Limited	Chairman	Member : Stakeholders Relationship Committee and Nomination and Remuneration Committee
2.	Lucas TVS Limited	Chairman & Managing Director	-
3.	Delphi -TVS Technologies Limited	Managing Director	-

S.No.	Name of the Companies	Position held	Committee Membership/ Chairmanships
4.	Lucas Indian Service Limited	Chairman	-
5.	Titan Company Limited	Director	Member : Audit Committee and Nomination Committee
6.	TVS Automotive Systems Limited	Director	-
7.	TVS Credit Services Limited	Director	-
8.	T V Sundram Iyengar & Sons Private Limited	Director	-
9.	TVS Investments Private Limited	Director	-
10.	India Japan Lighting Private Limited	Chairman	-
11.	Padee Industrial Ventures Private Limited	Director	-
12.	Harita Electric Private Limited	Director	-

### III. Ms Sasikala Varadachari

Ms Sasikala Varadachari, aged 65 years, is a retired banker with over 37 years of experience in the fields of banking operations both in India and Overseas.

Ms Sasikala Varadachari worked as Chief General Manager of State Bank of India (SBI), spearheading the strategic training unit, SBI, corporate center Mumbai and having profound knowledge in Credit and Merchant Banking.

Ms Sasikala was the first CEO of SBI in Israel and was responsible for setting up SBI's Commercial Operations there.

She attended 3 Board Meetings held during the year 2018-19. since her appointment as a Director of the Company.

She does not hold any share in the Company and is not related to any Director and Key Managerial Personnel of the Company.

Details of her other Directorship and membership / chairmanship of committees are given below:

S.No.	Name of the Companies	Position held	Committee Membership/ Chairmanships
1.	Harita Seating Systems Limited	Director	-
2.	TVS Motor Services Limited	Director	Member: Audit Committee and Nomination & Remuneration Committee
3.	TVS Credit Services Limited	Director	Member: Asset Liability Management Committee and Risk Management Committee
4.	Cholamandalam Home Finance Limited	Chairman	Member: Corporate Social Responsibility Committee

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S.No.	Name of the Companies	Position held	Committee Membership/ Chairmanships
5.	Cholamandalam Securities Limited	Chairman	-
6.	Easyaccess Financial Services Limited	Director	Member: Audit Committee
7.	Aadhar Housing Finance Limited	Director	-

#### IV. Mr Vice Admiral P J Jacob

Vice Admiral P J Jacob, aged 78 years, retired in 2001 as the Vice Chief of the Naval Staff. An alumnus of the National Defence Academy, Defence Services Staff College and the National Defence College, he has held a variety of key operational and training assignments in a career spanning forty years. He has commanded the Eastern Fleet, was the Director General of the Indian Coast Guard and the Chief of Personnel of the Navy before taking over as Vice Chief of the Naval Staff. As the Vice Chief, he was active in strategic planning and charting the future development of the Indian Navy. He has overseen numerous training initiatives and has led several Ministry of Defence / Navy delegations to negotiate intergovernmental agreements on strategic issues with various countries. He has also held a diplomatic assignment as the naval attaché in Tehran during a very turbulent period in that country's history.

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

Vice Admiral Jacob is vastly experienced in the field of maritime security. He was appointed by the Sri Lankan Government as its advisor on Maritime security. His experience in this field has also been tapped at various fora like the Asia Centre and the National Institute of Advanced studies Bengaluru. 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 track initiative in conjunction with CII to attract greater Taiwanese investment in India, particularly in IT and small and medium scale manufacturing.

Vice Admiral Jacob has served as a member of the National Security Advisory Board to the Prime Minister of India. He is currently Chairman of the Global India Foundation, an organization aiding decision makers in strategizing policy initiatives.

The Admiral is a recipient of the Param Vishist Seva Medal, Ati Vishist Seva Medal, and the Vishist Seva Medal for distinguished service of an exceptional order.

He is the Chairman of Audit Committee, Nomination and Remuneration Committee and Risk Management Committee and member of Corporate Social Responsibility Committee of the Company. He does not hold any share in the Company and is not related to any Director and Key Managerial Personnel of the Company.

He attended 5 Board Meetings held during the year 2018-19.

He is also a director in Dua Consulting Private Limited.

#### V. Mr V Subramanian

Mr Subramanian, aged 71 years, is a B.Com graduate from University of Madras and Certified Associate of Indian Institute of Bankers, Mumbai.

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

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

He has occupied many key senior positions in Government of India and the Government of West Bengal during his career of 37 years. He has extensive experience in Power, Aviation, Labour and Finance sectors. Presently, he is the Secretary General of the Indian Wind Energy Association, a non-governmental body formed by the wind energy generating companies and equipment manufacturers. He was also the Business Development Adviser to the Council for Industrial and Scientific Research at New Delhi in 2008-09. He also offers consultancy to various companies in the field of renewable energy.

He is the member of Audit Committee and Nomination and Remuneration Committee of the Company. He does not hold any share in the Company and is not related to any Director and Key Managerial Personnel of the Company.

He attended 5 Board Meetings held during the year 2018-19.

Details of his other directorships and memberships/ chairmanships of committees are given below:

S.No.	Name of the Companies	Position held	Committee Memberships / Chairmanships
1.	Bhoruka Power Corporation Limited	Director	-
2.	Suzlon Energy Limited	Director	Member : Audit Committee
3.	Suzlon Power Infrastructure Limited	Director	Member : Audit Committee
4.	Adani Enterprises Limited	Director	Chairman : Stakeholders Relationship Committee Member : Audit Committee
5.	Suzlon Generators Limited	Director	Member : Audit Committee
6.	Suzlon Gujarat Wind Park Limited	Director	Member : Audit Committee
7.	Nourishco Beverages Limited	Director	Member : Audit Committee

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S.No.	Name of the Companies	Position held	Committee Memberships / Chairmanships
8.	WindForce Management Services Private Limited	Director	-
9.	Enfragy Solutions India Private Limited	Director	-
10.	GPS Renewables Private Limited	Director	-
11.	Engenrin Energy Private Limited	Director	-
12.	DVS Worldwide Services Private Limited	Director	-

### VI. Mr S Santhanakrishnan

Mr S Santhanakrishnan, aged 75 years, joined the State Bank of India as a probationary officer and he rose to the position of Deputy Managing Director after 36 years of experience. He was also the All India Head of Credit (Corporate Accounts Group) and had the privilege of dealing with all the top 200 companies of India for more than 3 years. He was also the General Manager of SBI Capital Markets Limited and headed the Chennai office for 3 years.

After his retirement from SBI, he headed the Credit Information Bureau of India Limited (CIBIL). During his 3 years tenure as executive chairman he had the privilege of participating in the evolution of the Company as an important credit reference agency and shaped it to be commercially successful.

He is the Chairman of Stakeholders' Relationship Committee and member of Audit Committee of the Company. He does not hold any share in the Company and is not related to any Director and Key Managerial Personnel of the Company.

He attended 5 Board Meetings held during the year 2018-19.

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

S.No.	Name of the Companies	Position held	Committee Membership/ Chairmanships
1.	Easy Access Financial Services Limited	Director	Member : Audit Committee and Nomination and Remuneration Committee
2.	Reliance Capital Trustee Company Limited	Director	Member : Audit Committee
3.	Sundaram Auto Components Limited	Director	Member : Audit Committee and Nomination and Remuneration Committee

### VII. Mr R Vijayaraghavan

Mr R Vijayaraghavan, aged 69 years, is an advocate in Chennai and has been practicing law for over 20 years. He is the legal advisor to many business groups and is a member of board of directors and audit committee of reputed companies. He has a vast breadth of experience in the fields of corporate law, mergers and acquisitions, tax laws, commercial aspects of doing business in India.

He holds a Master Degree in Science from Madurai University and also Master degree in Business Administration from Syracuse University.

He is a partner of a reputed tax consultant firm in Chennai, providing a single window facility to the business community for all their legal requirements in the form of taxation consultancy, opinion, arbitration and conciliation, documentation approvals and litigation.

He is the member of Stakeholders Relationship Committee and Nomination and Remuneration Committee of the Company. He does not hold any share in the Company and is not related to any Director and Key Managerial Personnel of the Company.

He attended 5 Board Meetings held during the year 2018-19.

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

S.No.	Name of the Companies	Position held	Committee Membership/ Chairmanships
1.	Sanco Trans Limited	Director	Chairman : Audit Committee, and Member: Nomination and Remuneration Committee
2.	India Nippon Electricals Limited	Director	Chairman : Stakeholders Relationship Committee Member : Audit Committee, and Nomination and Remuneration Committee
3.	Bimetal Bearings Limited	Director	Member : Audit Committee, and Nomination and Remuneration Committee
4.	T Stanes and Company Limited	Director	Member : Audit Committee, and Nomination and Remuneration Committee
5.	Lucas TVS Limited	Director	Chairman : Audit Committee, Member: Nomination and Remuneration Committee and Corporate Social Responsibility Committee
6.	Delphi-TVS Technologies Limited	Director	Chairman : Audit Committee
7.	Lucas Indian Services Limited	Director	Chairman : Audit Committee and Nomination and Remuneration Committee Member: Corporate Social Responsibility Committee

### VIII. Mr Kamlesh Gandhi

Mr Kamlesh Gandhi, aged 69 years, a commerce graduate, is associated with Capital and Financial Markets in India for the past 41 years and was a member of the BSE for 14 years from 1981 to 1995. He was a director on the Board of Association of Merchant Bankers of India for 4 years from inception of the Association. As a merchant banker, he was instrumental in raising funds for over 325 capital issues and is involved in placement of equities of several

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companies with retail, high net worth and institutional investors, both domestic and overseas.

He was the guest speaker at Training Institutes of Banks and Bankers Training College of RBI on merchant banking activities. He was a Non-Executive Director of several companies including Dr Reddy's Group and Raasi Group. He is involved in advising several NRI investors including many high net worth NRIs. He does not hold any share in the Company and is not related to any Director and Key Managerial Personnel of the Company.

He attended 4 Board Meetings held during the year 2018-19.

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

S.No.	Name of the Companies	Position held	Committee Membership/ Chairmanships
1.	Bhagyanagar India Limited	Director	Chairman : Audit Committee
2.	Kirloskar Electric Company Limited	Director	Chairman : Audit Committee
3.	NCL Industries Limited	Director	Chairman : Audit Committee and Nomination and Remuneration Committee
4.	NCL Alltek & Seccolor Limited	Director	Member : Audit Committee

### IX. Mr R Gopalan

Mr R Gopalan aged 67 years, served as Member, Public Enterprises Selection Board (PESB) under the control of the Prime Minister. This body selects CMDs, MDs and Directors of Central Public Sector Enterprises (CPSEs). PESB also helps in framing personnel policies for the CPSEs. During this period, he has assisted in selection of over 400 CMDs, MDs and Directors.

Mr R Gopalan served as Secretary, Department of Economic Affairs, Ministry of Finance, Government of India till 31st July, 2012 before retirement, where he was handling matters relating to Capital Markets, Infrastructure Finance, G-20, World Bank (WB), International Monetary Fund (IMF), Asian Development Bank (ADB), Budget preparation, Public Private Partnership (PPP), Directorate of Currency and other related matters pertaining to the economy.

Mr R Gopalan represented the country effectively in the G-20 meetings, ADB, World Bank and IMF meetings. Mr R Gopalan brought about a number of changes in the functioning of the Capital Markets and initiated new policy measures in infrastructure. He also initiated a number of measures to enhance financing for infrastructure.

Mr R Gopalan represented Government of India on the Board of the Reserve Bank of India (RBI). Mr R Gopalan chaired the Foreign Investment Promotion Board (FIPB) which clears proposals for

Foreign Direct Investment (FDI) into India. Mr R Gopalan was the cadre controlling authority for Officers belonging to the Indian Economic Service.

Prior to this assignment, Mr R Gopalan was Secretary in the Department of Financial Services, Ministry of Finance - overall in-charge of banking, insurance and pension reforms. The function included supervision of policy support to Public Sector Banks (PSBs), Insurance Companies and Development Financial Institutions (DFIs) through policy guidelines, legislative and other administrative changes and monitoring their performance; Policy formulation in respect of NBFCs, private banks and foreign banks, support to regulatory authorities i.e. RBI, IRDA, PFRDA, NHB and NABARD, administration of Acts relating to Banks, DFIs and Insurance Companies, framing rules and regulations, wage settlement in banking and insurance industry, coordination between industry, banks and financial institutions.

He was also responsible for selection of Chairman and EDs of Public Sector Banks, MD of SIDBI, Chairman of NABARD, Deputy Governor of RBI, Chairman and MDs of SBI and Chairman of SEBI. Responsible for introduction of "Swavalamban" - an insurance scheme for unorganized sector and "Swabhiman" - a scheme for financial inclusion through business correspondents model.

As Special Secretary in the Department of Commerce, Ministry of Commerce & Industry, served as Director General, Anti-Dumping and Anti-Subsidy Investigations; Director on the Boards of MMTC, STC and PEC Ltd. During his long and varied career in Govt of India, he held several key assignments, like Joint Secretary, National Manufacturing Competitiveness Council (NMCC); Joint Secretary in Commerce Department in-charge of WTO and FTA negotiations; Joint Secretary in-charge of export promotion division in the Commerce Ministry.

He has participated actively in Ministerial Meetings of WTO for Trade Negotiations at Doha, Cancun and Hong Kong Ministerials, and assisted the Commerce Minister at the G-6, G-20 and G-110 meetings. He also participated in inter-governmental negotiations for Free Trade Agreements in the areas of agriculture, services and environmental goods and led the Indian delegation at the WTO.

As Chairman, TIDEL Park Ltd, he helped in financial closure, selection of design, selection of contractors through international competitive bidding, supervising construction and marketing of major Software Technology Park at Chennai. Completed the project estimated to cost ₹ 340 Cr within ₹ 297 Cr. He helped the State Government in formulation of policies on IT and Biotechnology.

As CMD of Tamil Nadu Industrial Development Corporation (TIDCO), Mr R Gopalan managed the establishment of Auto Ancillary Park, Hi-tech Park for manufacturing hardware

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components, Petrochemical Park, Floriculture Infrastructure Park for exports and Rubber Park.

Mr. Gopalan has a Master's Degree in Economics from Boston University and a Master's Degree in Public Administration and Management from the John F. Kennedy School of Government, Harvard University.

He is the member of Audit Committee and Risk Management Committee of the Company. He does not hold any share in the Company and is not related to any Director and Key Managerial Personnel of the Company.

He attended 5 Board Meetings held during the year 2018-19

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

S.No.	Name of the Companies	Position held	Committee Membership/ Chairmanships
1.	Hindustan Power Projects Private Limited	Director	-
2.	ANA ARC Private Limited	Director	-
3.	MB Power (Madhya Pradesh) Limited	Director	-
4.	TVS Motor Company Limited	Director	-
5.	Optiwell Investments Private Limited	Director	-

### Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the Act, 2013)

The following Explanatory statement sets out all material facts relating to the special businesses mentioned in the accompanying Notice dated 2<sup>nd</sup> May 2019 and shall be taken as forming part of the Notice.

#### Item No.4

The board, on recommendation of the Nomination and Remuneration Committee (NRC), proposed the appointment of Ms Sasikala Varadachari (holding DIN 07132398) as a non-executive independent director of the Company (NE-ID), in terms of Sections 149 (read with Schedule IV to the Act, 2013), 150, 152, 160, 161, 164 and other applicable provisions of the Act, 2013 and Companies (Appointment and Qualification of Directors) Rules 2014 to comply with the requirement of having Independent Woman Director on the Board as per Regulation 17 of the Listing Regulations. In the opinion of the NRC and the Board, Ms Sasikala Varadachari fulfils the conditions specified under the Act, 2013 and the rules made thereunder and the Listing Regulations, for the proposed appointment as NE-ID by the shareholders of the Company and she is independent of the management of the Company.

NRC evaluated her skills, experience and knowledge in the fields of finance, management, administration, corporate governance. The Board considers that the proposed appointment of Ms Sasikala Varadachari as director will be of immense benefit to the Company.

The Board also felt that the core skills / expertise / competencies of Ms Sasikala Varadachari would be required for the Company in the context of its business(es) and sector(s), to function effectively.

In terms of the provisions of Section 149 read with Schedule IV to the Act, 2013, the appointment of NE-ID will require approval of the shareholders of the Company. Hence, it is proposed that Ms Sasikala Varadachari, who was appointed as an Additional Director and who holds office upto the date of ensuing AGM be appointed as a NE-ID of the Company to hold office for a term of 5 consecutive years commencing from 24<sup>th</sup> October 2018 and not liable to retire by rotation during her tenure of appointment.

The Company has received a consent in writing from Ms Sasikala Varadachari to act as a Director in Form DIR-2, intimating to the effect that she is not disqualified to be appointed as a director and a declaration

in writing that she meets the criteria of independence as provided under Section 149(6) of the Act, 2013 and also under the Listing Regulations.

A copy of the draft letter of appointment setting out the terms and conditions of appointment of NE-ID will be available for inspection without any fee by the members at the Registered Office of the Company at 29, Haddows Road, Chennai 600 006, Tamilnadu, India, during office hours as stated above and shall also be uploaded on the website of the Company at [www.sundaram-clayton.com](http://www.sundaram-clayton.com).

The Company has also received a notice from a member under Section 160 of the Act, 2013, proposing the candidature of Ms Sasikala Varadachari for the office of director of the Company.

Except Ms Sasikala Varadachari, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution relating to her appointment as a NE-ID of the Company.

Accordingly, the directors recommend the ordinary resolution in relation to appointment of Ms Sasikala Varadachari as a NE-ID for approval by the shareholders, as set out in Item No.4 of this Notice.

#### Item Nos.5 to 10

Vice Admiral P J Jacob (DIN 00173785), Mr V Subramanian (DIN 00357727), Mr S Santhanakrishnan (DIN 00005069), Mr R Vijayaraghavan (DIN 00026763) and Mr Kamlesh Gandhi (DIN 00004969) were appointed as Independent Directors (IDs) of the Company and they hold office upto 20<sup>th</sup> August 2019 and Mr R Gopalan (DIN 01624555) was appointed as ID and holds office upto 23<sup>rd</sup> July 2019 ("first term").

It is proposed to re-appoint Vice Admiral P J Jacob as ID, not liable to retire by rotation, for the second term of five consecutive years w.e.f. 21<sup>st</sup> August 2019 and Mr V Subramanian, Mr S Santhanakrishnan, Mr R Vijayaraghavan, Mr Kamlesh Gandhi for the second term of three consecutive years w.e.f. 21<sup>st</sup> August 2019 and Mr R Gopalan for the second term of three consecutive years w.e.f. 24<sup>th</sup> July 2019.

As per Section 149 of the Act, 2013 such re-appointment requires the approval of the shareholders by way of Special Resolution. Both the Nomination and Remuneration Committee of directors and the board were of the opinion, after evaluating their performance, appropriate mix of skills, experience, competency and other attributes, that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services as IDs.

## Sundaram-Clayton Limited

The Board also felt that the core skills / expertise / competencies of the aforesaid IDs would be required for the Company in the context of its business(es) and sector(s), to function effectively.

All these IDs fulfil the terms and conditions specified under the Act 2013 and rules made thereunder for their re-appointment as IDs. They meet the criteria of independence as prescribed both under Section 149(6) of the Act, 2013 and under Regulation 16(1) (b) of the Listing Regulations.

The IDs are entitled to receive remuneration by way of fees and reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission, if any, in terms of Section 197 and other applicable provisions of the Act, 2013, and as determined by the board from time to time, within the overall limits specified under the Act, 2013 as well as the Listing Regulations.

The members' approval sought by way of Special Resolution through this notice will also be considered as approval in terms of Regulation 17 of the Listing Regulations, for the re-appointment of those IDs crossed / to be crossed 75 years of age during their second term.

A brief profile of all IDs, who are proposed to be re-appointed for second term of five years in terms of the applicable provisions of the Act, 2013, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholding and relationship with other directors in the Company are appended to the notice annexed hereto.

Copy of draft letter of appointment of the IDs setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

Notices have been received from members of the Company under Section 160 of the Act, 2013, signifying their intention to propose the candidatures of the aforesaid IDs and to move the resolutions as set out in Item Nos. 5 to 10 of this notice.

Except M/s. Vice Admiral P J Jacob, V Subramanian, S Santhanakrishnan, R Vijayaraghavan, Kamlesh Gandhi and R Gopalan, directors, being appointees, none of the other directors or key managerial personnel of

the Company or their relatives is concerned or interested, financially or otherwise, in their respective resolutions for appointment as set out in Item Nos. 5 to 10 of this Notice.

The board therefore recommends the Special Resolutions as set out at Item Nos. 5 to 10 of the Notice for approval by the shareholders of the Company.

### Item No.11

As recommended by the Audit Committee, the board at its meeting held on 2<sup>nd</sup> May 2019, re-appointed Mr A N Raman, practising cost accountant, having membership no. 5359, as Cost Auditor of the Company, in terms of Section 148 of the Act, 2013 and fixed a sum of ₹ 3.50 lakhs as remuneration payable to him for the financial year 2019-20, subject to ratification by the shareholders of the Company.

In terms of Section 148 (3) of the Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditor, as recommended by the Audit Committee and approved by the board, is required to be ratified by the shareholders of the Company, at the ensuing AGM of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in Item No.11 of this Notice.

The Directors, therefore, recommend the ordinary resolution, as set out in Item No.11 for ratification of remuneration payable to the Cost Auditor of the Company.

By order of the Board of Directors

Chennai  
2<sup>nd</sup> May 2019

R Raja Prakash  
Company Secretary

Registered office:  
"Jayalakshmi Estates"  
29, Haddows Road  
Chennai 600 006

## Sundaram-Clayton Limited

### Directors' report to the shareholders

The directors have pleasure in presenting the 57<sup>th</sup> annual report and the audited financial statements for the year ended 31<sup>st</sup> March 2019.

#### 1. FINANCIAL HIGHLIGHTS

Particulars	(₹ in Cr)	
	Year ended 31.03.2019	Year ended 31.03.2018
Sales (including Excise duty) and other income	1932.94	1766.74
EBITDA	277.83	107.75
Less: Finance Cost	55.16	33.70
Depreciation	92.19	73.21
Profit before tax	130.48	0.84
Provision for tax	10.82	(54.08)*
Profit after tax	119.66	54.92
Add: Balance in Statement of Profit and Loss including General Reserve	450.93	426.15
Transfer from Other Comprehensive Income	-	0.21
Total Comprehensive Income available	570.59	481.28
Appropriations:		
Dividend	72.83	30.35
Surplus carried forward	497.76	450.93
Total	570.59	481.28

\* After considering MAT credit and deferred tax asset

#### 2. DIVIDEND

The Board of Directors of the Company (the Board) at its meeting held on 25<sup>th</sup> January 2019, declared a first interim dividend of ₹ 20 per share (400%) for the year 2018-19, absorbing a sum of ₹ 40.46 Cr. The same was paid to the shareholders on 7<sup>th</sup> February 2019.

The Board at its meeting held on 11<sup>th</sup> March 2019 declared a second interim dividend of ₹ 16 per share (320%) for the year 2018-19 absorbing a sum of ₹ 32.37 Cr. The same was paid to the shareholders on 22<sup>nd</sup> March 2019.

Thus, the total amount of both the dividends for the year ended 31<sup>st</sup> March 2019 aggregated to ₹ 36 per share (720%) on 2,02,32,085 equity shares of ₹ 5/- each absorbing ₹ 72.83 Cr.

The Company has set-off its dividend distribution tax payable under Section 115-O(1A) of the Income Tax Act, 1961 against the dividend distribution tax paid by one of its subsidiary company on its dividend declared.

The Board does not recommend any further dividend for the year under consideration.

#### 3. PERFORMANCE

India's real gross domestic product (GDP) is expected to grow at 7% in FY19 as against 7.2% in FY18. The growth of the "Manufacturing" sector is expected to accelerate to 8.3% this fiscal, up from 5.7% in FY18.

Global economic and geo political environment continued to be volatile during 2018. The GDP in the U.S. and EU markets registered a growth of 2.9% (2.2% in 2017) and 1.8% (2.4% in 2017).

During the year, the Company was able to meet the customers demand out of the capacities created last year without resorting to outsourcing and premium air freight (which had impacted FY 2017-18 profits), resulting in improved profits for the current year.

The following table highlights the performance of the Company during 2018-19:

Particulars	FY 2018-19	FY 2017-18	Variance (in %)
Sales (Tonnage)	48,969	50,592	-3.20%
Sale of goods (₹ in Cr)	1,746.03	1543.79	13.10%
Domestic sales (₹ in Cr)	959.12	903.59	6.15%
Export sales (₹ in Cr)	786.91	640.20	22.92%
Profit After Tax (₹ in Cr)	119.66	54.92	117.88%

#### 4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

##### I. INDUSTRY STRUCTURE AND DEVELOPMENT:

###### Domestic

The segment wise performance in the Indian automotive industry is given in the following table.

(in Nos)

Category	FY 2018-19	FY 2017-18	Variance (in %)
Two Wheelers	2,44,62,231	2,30,15,120	6.28%
Passenger Vehicles	40,53,629	40,36,947	0.41%
Commercial Vehicles (M&HCV)	4,73,702	4,13,966	14.43%

(Source: SIAM+DICV internal estimate)

The Indian auto industry (domestic sales and exports) posted an overall growth of 6.45% (Source: SIAM). The automotive and related industries witnessed several headwinds in FY 2018-19 spaced out throughout the year such as floods in Kerala, increase in insurance premium, high fuel prices in the second quarter, new axle norms, safety regulations and rise in lending rate due to liquidity crunch, all of which hindered the industry's performance.



## Sundaram-Clayton Limited

### Exports

The following table highlights the North American and European truck registration figures in vehicle units:

		(in Nos)		
Market	Category	FY 2018-19	FY 2017-18	Variance (in %)
North America	Class 8 Trucks	3,27,074	2,62,057	24.81%
North America	Class 4-7 Trucks	2,70,082	2,56,279	5.38%
Europe	Medium & Heavy Trucks	3,11,589	3,03,989	2.50%

(Source: FTR & ACEA)

The Class 8 truck market in North America has outperformed the forecasted sales figures for the year. For the year 2018, Class 8 orders crushed a 14-year industry record for heavy-duty truck orders. The market scenario has now shifted from 'demand constrained market' to a 'Supply constrained market'. France, Italy and Germany contributed positively to the full-year growth of European heavy trucks market.

### BUSINESS OUTLOOK AND OVERVIEW

The RBI's Monetary Policy Committee has assessed the GDP growth at 7.2% in FY20 due to combination of weakening of domestic investment activity, moderation of growth in the global economy might impact India's exports and possible downside risk from monsoon.

Recent Government actions on improving income for farmers and lower middle class can support improved consumption. Slower pace of monetary tightening than previously expected and ease in inflation pressures may help sustain growth rate at current levels.

The focus of the Interim Budget 2019 on the rural sector is a positive development as it would support rural incomes and investment, and in turn provide a further push to aggregate demand and economic activities.

Implementation of key structural reforms with emphasis on growth could revive the economy and provide the industries with the much-needed stimulus for growth. Given the economic outlook, the automobiles and auto-component sectors are expected to see a flat growth year in FY 2019-20.

Over the medium to long term, growth in the auto component industry is likely to be higher than the underlying automotive industry growth given the increasing localization by OEMs and higher component content per vehicle. Auto component export is another key growth driver.

Globally, IMF expects global growth to be at 3.5% in 2019 (3.7% in 2018).

Changing trade policies of USA, Brexit and unforeseen challenges in Chinese economy can lead to escalation of uncertainty in global economic growth. Crude prices are expected to remain at the increased level of Q4 2018-19 during 2019-20 and may lead to higher costs for customers and OEMs.

The EU GDP is expected to grow at 1.6%. The slower momentum can be attributed to the introduction of new automobile fuel emission standards in Germany, concerns about sovereign and financial risks in Italy and the potential "no-deal" withdrawal of the United Kingdom from the European Union. The EU commercial vehicles demand (M&HCV segment) in 2019 is expected to go down by 3-5%.

### OPPORTUNITIES & THREATS

The Company supplies aluminum castings for commercial vehicles, passenger cars and two-wheeler segments of the automotive industry.

The revenue of the Company is derived from Medium & Heavy Commercial Vehicles (MHCV) (58%), followed by two-wheeler industry (24%) and car industry (18%).

In the medium to long term, the projected growth of domestic auto industry and ambitious export plans of the Indian OEMs are likely to benefit the Company.

In view of stringent emission norms and fuel economy regulations, the thrust towards light-weighting is bound to increase leading to higher content of aluminum in all types of vehicles. The Company is well placed to leverage these emerging opportunities. This will provide for increased growth opportunities, since the Company is already a preferred source for aluminum castings to major OEM's in India and abroad.

India is emerging as one of the major manufacturing hubs, thanks to availability of well-educated engineers, skilled workforce, good supply base and initiatives by the Government.

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

Intense competition makes it extremely difficult to seek price increases to compensate the effects of inflation bringing the margins under severe pressure. However, the Company's supply contracts provide for periodic price adjustments indexed to the international prices of aluminum and this should offer protection against volatility of commodity prices.

### RISKS AND CONCERNS

#### Economy

There are possible risks on the horizon, both global and domestic. Global economic slowdown, changes in monetary policies of advanced economies, tariff wars and volatility in oil prices could affect India's growth.

Good monsoon aids growth in domestic demand due to a significant share from rural markets. Any negative deviation from normal monsoon is a cause of concern.

In India, Government's fiscal consolidation, liquidity concerns, monetary policy changes and poor monsoon could dampen the domestic market.

#### Industry specific

The Indian commercial vehicle industry is a strong indicator of the economic activity in the country and has a strong correlation with the agricultural growth, infrastructure development, the mining industry and is also cyclical.

The global automotive industry is experiencing the situation of a cyclical demand slowdown. Competition has increased 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 customer focused measures to remain competitive in the market place.

Prices of aluminum have largely trended downward in 2018-19, interrupted only by a sharp and short-lived upturns. China's slowing growth, exacerbated by the trade war with the US, has pushed down prices. Price gains are likely to be limited in 2019-20.

## Sundaram-Clayton Limited

### Forex

With significant exports, import of raw materials and capital goods, the Company is always exposed to impact on account of 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. Robust quality management systems meeting international standards like IATF 16949 are in place to ensure excellent product quality. Additionally, the Company has also taken appropriate recall and product liability insurance in line with standard industry practice.

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.

### Capacity utilization

The Company adds capacity, in existing and new locations, to meet the projected demand of customers. The Company closely monitors the progress of customer projects / volumes and appropriately deploys the assets to protect from both underutilization and capacity shortages to meet the demand.

### Risk Management Policy

The Board has established a robust Risk Management framework to identify, monitor and minimize risks as well as to identify business opportunities.

Risk evaluation and management is an ongoing process. As a process, risks associated with the business are identified and prioritized based on the Company's overall risk appetite, strategy, severity and probability of occurrence. Process owners are identified for each risk and metrics are developed for continuous monitoring and minimization of risk.

The Board is satisfied that there are adequate systems and procedures in place to identify, assess, monitor and manage risks. The Company's Risk Management Committee is overseeing all the risks that the organization faces such as strategic, financial, market, IT, legal, regulatory, reputational and other risks and recommends suitable action. Risk Mitigation Policy has already been approved by the Board.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate internal control system to ensure that all the assets of the Company are safeguarded and protected against any loss and that all the transactions are properly authorized and recorded. Information provided to management is reliable and timely. The Company ensures adherence to all statutes.

### KEY FINANCIAL RATIOS

Particulars	Unit of measurement	Standalone		Consolidated	
		2017-18	2018-19	2017-18	2018-19
Interest Coverage Ratio	Times	1.02	3.37	2.69	2.04
Operating Profit Margin (EBITDA)	%	0.81	9.71	8.63	10.87
Net Profit Margin	%	0.05	6.75	4.66	5.18
Return on Net worth	%	8.75	17.96	11.02	11.93

During 2018-19, the Company made Profit Before Tax of ₹ 130.48 Cr as against ₹ 0.84 Cr made during 2017-18. This has consequently resulted in improved ratios in 2018-19 both for standalone and consolidated results.

### Internal Financial Control

The Company has an established Internal Financial Control framework including internal controls over financial reporting, operating controls and anti-fraud framework. The framework is reviewed regularly by the management and tested by internal audit team and presented to the Audit Committee. Based on periodical testing, the framework is strengthened, from time to time, to ensure adequacy, accuracy and completeness of accounting records, timely preparation of reliable financial information and effectiveness of Internal Financial Controls.

### OPERATIONS REVIEW

#### Manufacturing

The Company has been using Total Quality Management (TQM) as the foundation of its management. The Company implemented the best practices like Total Productivity Management (TPM) and Lean Manufacturing (TPS) 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 the product quality and productivity in all the manufacturing locations. The Company's journey of achieving manufacturing excellence was recognized and rewarded by the following customers during FY 2018-19.

- Hyundai Motor India Limited - Best production support
- Cummins - Rating of O - Outstanding supplier

#### Quality

Achieving customer delight by consistently providing products of excellent quality is the prime motto of the Company. This is achieved through state-of-the-art technology, training, effective quality system, continuous improvement and total employee involvement.

Poka-yokes, process audits, use 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 IATF 16949 requirements.

TQM is a way of life in the Company. 100% employee involvement has been successfully achieved for many years.

Employees have completed 486 projects by applying statistical tools through Quality Control Circles (QCC) in 2018-19. The average number of suggestions implemented per employee was 39.

#### Cost Management

Cost management is a continuous journey and the Company manages the same through deployment of costs across all departments. A cross functional team is working on projects focussed on Value Added/Value Engineering (VA/VE) and operational efficiency. TPM and lean initiatives are deployed Company-wide, to achieve reduction in manufacturing cost.

#### Information Technology

The Company uses ERP system that integrates all business processes across the Company. Suppliers and customers are also integrated into the system for better planning and execution. During the year, several dashboards were added to improve the productivity, quality and reduce the cost of operations. Projects were also implemented to further enhance the Information Security.

### HUMAN RESOURCE DEVELOPMENT

The Company considers employees as vital and most valuable assets. Human Resource Development (HRD) is aligned to business needs to enhance business performance and results. HRD is practiced through an overall HRD framework with its constituents as resourcing, employee engagement, performance & compensation management, competency based development, career & succession planning and organization development. Each of these constituent has a structured approach and process to deliver.

As a part of the long term strategies of the Company, collaborative education program has been initiated with three reputed institutes to develop role-ready engineers with Company-specific knowledge at the entry level.

Career development workshop is conducted to identify high potential employees. Such employees are groomed for taking up higher responsibilities. A reward and recognition system is in place to motivate and also provide fast track growth for the high potential employees.

The engineers and executives of the Company are sponsored for advanced study, offered by both Indian and foreign institutions. Customized technical and leadership competency improvement programs are developed and delivered through reputed institutions.

The Company continuously measures and reports employee engagement every year and identifies improvement areas to work on.

An excellent industrial relations environment continues to prevail at all the manufacturing units of the Company.

As on 31<sup>st</sup> March 2019, the Company had around 2,318 employees on its rolls.

### ENVIRONMENT, HEALTH & 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 14001 and OHSAS 18001 systems and procedures.

### 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, amongst others, economic conditions affecting demand / supply and price conditions in the domestic and overseas market in which the Company operates, changes in the Government Regulations, Tax Laws and Other Statutes and Incidental Factors.

### 5. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, (the Act, 2013) with respect to Directors' Responsibility Statement, it is hereby stated that -

- i. in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March 2019, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- ii. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2019 on a "going concern basis";
- v. the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 6. CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR activities have already been textured into the Company's value system through Srinivasan Services Trust (SST), established in 1996 with the vision of building self-reliant rural community.

Over 23 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.

The Company is eligible to spend on their ongoing projects / programmes, falling within the CSR activities specified under the Act, 2013, as mandated by the Ministry of Corporate Affairs for carrying out the CSR activities.

The Committee formulated and recommended a Corporate Social Responsibility policy in terms of Section 135 of the Act, 2013, along with a list of projects / programmes to be undertaken for CSR spending in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Based on the recommendation of the CSR Committee, the Board has approved the projects / programmes carried out as CSR activities by Sri Sathya Sai Central Trust having an established track record for more than the prescribed years in undertaking similar programmes / projects, constituting more than 2% of the average net profits of the Company, made during the three immediately preceding financial years, towards CSR spending for the financial year 2018-19 amounting to ₹ 25 Lakhs.

As required under Section 135 of the Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Annual Report on CSR, containing the particulars of the projects / programmes approved and recommended by CSR Committee and approved by the Board for the financial year 2018-19 are given by way of Annexure-IV attached to this Report.

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### 7. PERFORMANCE OF SUBSIDIARIES & ASSOCIATES

The following companies and bodies corporate are the subsidiaries / associates of the Company:

#### Subsidiaries

1. TVS Motor Company Limited, Chennai;
2. Sundaram Auto Components Limited, Chennai;
3. TVS Housing Limited, Chennai;
4. TVS Motor Services Limited, Chennai;
5. TVS Credit Services Limited, Chennai;
6. TVS Two-wheeler Mall Private Limited, Chennai;
7. TVS Micro Finance Private Limited, Chennai;
8. Harita ARC Private Limited, Chennai;
9. Harita Collection Services Private Limited, Chennai;
10. TVS Commodity Financial Solutions Private Limited, Chennai;
11. TVS Housing Finance Private Limited, Chennai;
12. Sundaram-Clayton (USA) Limited, USA;
13. TVS Motor Company (Europe) B.V., Amsterdam, Netherlands;
14. TVS Motor (Singapore) Pte. Limited, Singapore;
15. PT TVS Motor Company Indonesia, Jakarta;
16. Sundaram Holding USA Inc, Delaware, USA;
17. Green Hills Land Holding LLC, South Carolina, USA;
18. Components Equipment Leasing LLC, South Carolina, USA;
19. Sundaram-Clayton (USA) LLC, South Carolina, USA; and
20. Premier Land Holding LLC, South Carolina, USA.

#### Associates

1. Emerald Haven Realty Limited, Chennai and its subsidiaries;
2. TVS Training and Services Limited, Chennai; and
3. Sundram Non-Conventional Energy Systems Limited, Chennai

### SUBSIDIARIES / ASSOCIATES

#### TVS Motor Company Limited (TVSM)

TVSM is engaged in the business of manufacture of two and three wheelers. During the year 2018-19, TVSM achieved a turnover of ₹18,217 Cr and earned a profit after tax of ₹ 670 Cr.

TVSM for the year 2018-19, declared first interim dividend of ₹2.10 per share (210%) absorbing a sum of ₹120.28 Cr including dividend distribution tax and a second interim dividend of ₹1.40 per share (140%) absorbing a sum of Rs.79.70 Cr including dividend distribution tax.

Hence, the total amount of dividend for the year ended 31<sup>st</sup> March 2019 aggregated to ₹3.50 per share (350%) on 47,50,87,114 equity shares of ₹1 each.

#### Sundaram Auto Components Limited (SACL)

Total revenue of SACL for the year 2018-19 was ₹601.16 Cr as against ₹1,143.37 Cr in the previous year. The decrease was mainly due to substantial reduction of business in automobile trading division post introduction of GST, effective 1<sup>st</sup> July 2017.

SACL earned a Profit Before Tax ₹17.37 Cr during the year 2018-19 as against ₹24.10 Cr in the previous year.

SACL declared an interim dividend of ₹0.65 per share (6.5%), on 3,59,25,000 equity shares of ₹10/- each fully paid up, thereby absorbing a sum of ₹2.82 Cr including dividend distribution tax, for the year ended 31<sup>st</sup> March 2019.

National Company Law Tribunal (NCLT), Chennai approved a Scheme of Arrangement for Demerger of Automobile Trading Division (the Scheme) between SACL and TVS Motor Services Limited (TVS MS). TVS MS acquired the automobile trading division along with its relative assets and liabilities from SACL, as on 1<sup>st</sup> April 2018. The Scheme was filed with the Registrar of Companies on 20<sup>th</sup> February 2019 and became effective from that date.

As per the Scheme, TVS MS allotted 36,33,814 equity shares of ₹10/- each to TVS Motor Company Limited (TVSM), as consideration for transfer of automobile trading division by SACL, on 27<sup>th</sup> February 2019. Since both TVS MS and SACL are wholly owned subsidiaries of TVSM, further allotment of shares by TVS MS to TVSM has not affected their status as wholly owned subsidiaries of TVSM.

#### TVS Housing Limited (TVSH) / Emerald Haven Realty Limited (EHRL)

TVS Housing Limited is a 100% subsidiary of TVS Motor Company Limited.

EHRL has till date completed construction of 1.3 Mn sq ft of residential development and the total area under development as on date is 5.0 Mn sq ft.

During the year, EHRL launched new projects at Salamangalam, Radial Road, Porur, Kolapakkam in Chennai.

During the year, EHRL through its subsidiaries has acquired lands in Radial Road, Karapakkam and Manapakkam and also has been appointed as a manager for residential development at Vengaivasal, Chennai and geographically expanded to Bengaluru through a joint development agreement.

During the year, EHRL earned a Profit Before Tax of ₹ 7.97 Cr as against ₹ 6.56 Cr in the previous year on a consolidated basis.

#### PT. TVS Motor Company Indonesia (PT TVSM)

The Indonesian two-wheeler Industry grew by 14% over 2017-18. Bebek and Skubek segment grew by 9% and 17% respectively, whereas motorcycle segment suffered negative growth of 12%.

For PT TVSM, the total two wheeler sales increased from 37,096 vehicles in 2017-18 to 40,759 vehicles in 2018-19. Total 3W sales increased from 649 units in 2017-18 to 2,699 units in 2018-19. Export of 3W commenced during Q3 of 2018-19.

EBITDA loss for the year 2018-19 was USD 3 Mn. as against USD 3.72 Mn. in 2017-18.

#### TVS Motor Company (Europe) B.V & TVS Motor (Singapore) Pte. Ltd

TVSM had earlier incorporated both these entities with a view to serve as special purpose vehicles for making and protecting the investments made in overseas operations of PT TVSM.

#### TVS Motor Services Limited (TVS MS)

TVS MS is the investment SPV of TVSM, for funding TVS Credit Services Limited (TVS CS).

National Law Company Tribunal, Chennai (NCLT), Chennai has approved a Scheme of Arrangement (Scheme) for redemption of Non-cumulative Redeemable Preference Shares (NCRPS) issued by TVS MS. As per the Scheme, TVS MS will be transferring its investment in the equity shares of TVS CS to the NCRPS holders against cancellation

## Sundaram-Clayton Limited

and extinguishment of the NCRPS. After transfer of TVS CS equity shares, TVSM will hold 86% of the total equity share capital in TVS CS.

### **TVS Credit Services Limited (TVS CS)**

TVS CS is the retail finance arm of TVSM for financing of two-wheelers. In line with its long term vision of being preferred financier with diversified and profitable portfolio, TVS CS added MSME finance portfolio during the year 2018-19.

During the year 2018-19, TVS CS's overall disbursements registered a growth of 44% at ₹ 7,067 Cr as compared to ₹ 4,899 Cr in the previous year. The assets under management stood at ₹ 8,335 Cr as against ₹ 6,152 Cr during the previous year thereby registering a growth of 35%. Total income during the year 2018-19 increased to ₹ 1,635 Cr from ₹ 1,279 Cr during the financial year, an increase of 28% over the previous year.

The Profit Before Tax for the year has also improved and stood at ₹ 216 Cr as against ₹ 206 Cr during the previous year.

The following companies are the subsidiaries of TVS CS.

1. TVS Two-wheeler Mall Private Limited
2. TVS Micro Finance Private Limited
3. Harita ARC Private Limited
4. Harita Collection Services Private Limited
5. TVS Commodity Financial Solutions Private Limited
6. TVS Housing Finance Private Limited

### **Sundaram-Clayton (USA) Limited**

Sundaram-Clayton (USA) Limited, a wholly owned subsidiary of the Company is engaged in the business of providing Professional Employer Organisation ("PEO") services to the employees of the Company. The Company earned revenue of USD 7574 and net income after adjustment of expenses amounted to USD 409 for the year ended 31<sup>st</sup> March 2019.

### **Sundaram Holding USA Inc. (SHUI) & its subsidiaries**

The Company along with Sundaram Auto Components Limited have formed Sundaram Holding USA Inc., a Company established under the applicable provisions of Laws of The United States of America.

SHUI's wholly owned subsidiaries are:

1. Green Hills Land Holding LLC, South Carolina, USA
2. Component Equipment Leasing LLC, South Carolina, USA
3. Sundaram-Clayton USA LLC, South Carolina, USA
4. Premier Land Holding LLC, South Carolina, USA

Commercial production would commence during 2019-20.

### **TVS Training and Services Limited (TVS TSL)**

TVS TSL is engaged in the business of establishing and providing vocational training services to various industries and is participating in the National Skill Development Projects. During the year, the Company earned an income of ₹ 40.04 Cr and profit after tax for the year ended 31<sup>st</sup> March 2019 was ₹ 5.81 Cr.

### **Sundram Non-Conventional Energy Systems Limited (SNCES)**

SNCES is engaged in the business of generation of power. During the year, the Company earned a total revenue of ₹ 2.87 Cr and Profit after tax was ₹ 1.63 Cr.

## 8. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company are prepared in accordance with the provisions of Section 129 of the Act, 2013 read with the Companies (Accounts) Rules, 2014 and Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) along with a separate statement containing the salient features of the financial performance of subsidiaries / associates, in the prescribed form. The audited consolidated financial statements together with Auditors' Report forms part of the Annual Report.

The audited financial statements of the subsidiary companies will be made available to the Shareholders, on receipt of a request from any Shareholder and it has also been placed on the website of the Company. This will also be available for inspection by the Shareholders at the Registered Office during the business hours as mentioned in the Notice of AGM.

The consolidated Profit After Tax of the Company and its subsidiaries & associates amounted to ₹ 749.77 Cr for the financial year 2018-19.

## 9. DIRECTORS & KEY MANAGERIAL PERSONNEL

### **Directors' appointment / re-appointment**

Based on the recommendation of the Nomination and Remuneration Committee (NRC), the Board at its meeting held on 24<sup>th</sup> October 2018 appointed Ms Sasikala Varadachari, as an Additional Director to comply with the requirement of having Independent Woman Director on the Board of the Company, in terms of the Listing Regulations.

The Company is seeking approval of the shareholders for the appointment of Ms Sasikala Varadachari as an Independent Director at the ensuing AGM.

Mr K Mahesh ceased to be a director of the Company w.e.f. 2<sup>nd</sup> February, 2019 due to his sad demise. The Board placed on record its appreciation for the valuable guidance and support provided by him during his tenure as Director of the Company.

Mr Sudarshan Venu relinquished his position as Joint Managing Director of the Company effective 11<sup>th</sup> March 2019 as he will not be able to give sufficient time to manage day-to-day affairs of the Company. He would however continue to serve as Non-Executive and Non Independent Director of the Company, which would be valuable and supportive to the Company considering his experience in automotive industry.

In terms of the provisions of sub-Section (6) read with explanation to Section 152 of the Act, 2013 two-thirds of the total number of Directors i.e., excluding IDs, are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every AGM. Mr Sudarshan Venu and Mr T K Balaji, Directors, who have been the longest in office, are liable to retire by rotation at the ensuing AGM, and being eligible, offer themselves for re-appointment.

The Directors have recommended their appointment / re-appointment for the approval of Shareholders. The brief profile of the Directors are furnished in the Notice convening the AGM of the Company.

### Independent Directors (IDs)

All IDs hold office for a fixed term and are not liable to retire by rotation.

At the AGM held on 21<sup>st</sup> August 2014, M/s Vice Admiral P J Jacob (Retd.), V Subramanian, S Santhanakrishnan, R Vijayaraghavan and Kamlesh Gandhi, were appointed as IDs for the first term of five consecutive years from the conclusion of the fifty-second AGM, not liable to retire by rotation and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the Board and / or Committees and profit related commission in terms of applicable provisions of the Act, 2013, within the overall limit, as determined by the Board from time to time.

Mr R Gopalan, was appointed as Non-Executive Independent Director effective 21<sup>st</sup> June 2016 through Postal Ballot and he shall hold the office till the conclusion of the ensuing AGM.

Based on the performance evaluation by both the NRC and the Board, M/s Vice Admiral P J Jacob, would hold office as Independent Director for a second term of 5 (five) consecutive years from 21<sup>st</sup> August 2019 and M/s V Subramanian, S Santhanakrishnan, R Vijayaraghavan and Kamlesh Gandhi would hold office as Independent Directors for a second term of 3 (three) consecutive years from 21<sup>st</sup> August 2019 and R Gopalan would hold office as Independent Director for a second term of 3 (three) consecutive years from 24<sup>th</sup> July 2019, subject to the approval of the shareholders at the ensuing AGM, in terms of Section 149 of the Act, 2013 on the same terms of appointment and remuneration by way of fees and profit related commission, if any.

The terms cover, *inter-alia*, duties, rights of access to information, disclosure of their interest / concern, dealing in Company's shares, remuneration and expenses, insurance and indemnity. The IDs are provided with copies of the Company's policies and charters of various Committees of the Board.

In accordance with Section 149(7) of the Act, 2013, all IDs have declared that they meet the criteria of independence as provided under Section 149(6) of the Act, 2013 and Regulation 25 of the Listing Regulations.

The detailed terms of appointment of IDs is disclosed on the Company's website in the following link:

<http://www.sundaram-clayton.com/Investor/Terms-of-Appointment-IDs.pdf>

### Separate meeting of Independent Directors

During the year under review, a separate meeting of IDs was held on 11<sup>th</sup> March 2019 and all the IDs were present at the Meeting.

Based on the set of questionnaires, complete feedback on Non-Independent Directors and details of various activities undertaken by the Company were provided to IDs to facilitate their review / evaluation.

### (a) Non-Independent Directors (Non-IDs)

IDs used various criteria and methodology practiced in Industry, prescribed by NRC for evaluation of Non-IDs M/s. Venu Srinivasan, Chairman and Managing Director, Dr. Lakshmi Venu, Joint Managing Director and Sudarshan Venu, T K Balaji and Gopal Srinivasan, Directors, Chairman of the Board and Board as a whole.

IDs evaluated the performance of all Non-IDs individually, through a set of questionnaires. They reviewed their interaction during the Board/ Committee meetings and strategic inputs given by them to improve the risk management, internal controls and contribution to the Company's growth.

IDs were satisfied fully with the performance of all Non-IDs.

### (b) Chairman

IDs reviewed the performance of Chairman of the Board after taking into account his performance and benchmarked the achievement of the Company with industry under the stewardship of Chairman.

IDs also placed on record, their appreciation of Chairman's visionary leadership and appreciated him as a driving force for sustaining high ethical standard and transparency in boardroom discussions and actions, and has a great ability to listen to all members and stimulate discussions to benefit the businesses and to remain contemporary and futuristic both in the Company's operations and its processes.

They also recorded the growth story of the Company under the leadership of Chairman and significant increase in turnover & Profit.

### (c) Board

IDs also evaluated Board's composition, size, mix of skills and experience, its meeting sequence, effectiveness of discussion, decision making, follow up action, so as to improve governance and enhance personal effectiveness of Directors.

The evaluation process focused on Board Dynamics and the Board upon evaluation concluded that it is well balanced in terms of diversity of experience with expert in each domain viz., Engineering, Leadership/ Strategy, Finance, Legal and Regulatory and Governance. The Company has a Board with wide range of expertise in all aspects of business.

IDs unanimously evaluated the pre-requisites of the Board viz., formulation of strategy, acquisition & allocation of overall resources, setting up policies, directors' selection processes and cohesiveness on key issues and satisfied themselves that they were adequate.

They were satisfied with the Company's performance in all fronts and finally concluded that the Board operates with best practices.

IDs have also ensured that the skills / expertise / competence of the Board of Directors are in line with the Company's business requirement to enable it function effectively.

### (d) Quality, Quantity and Timeliness of flow of information between the Company, Management and the Board

All IDs have expressed their overall satisfaction with the support received from the management and the excellent work done by the management during the year under review and also the relationship between the top management and Board is smooth and seamless.

## KEY MANAGERIAL PERSONNEL (KMP)

### Chairman and Managing Director

During the year under review, Mr Venu Srinivasan was re-appointed as Chairman and Managing Director of the Company for a further period of five years commencing from 23<sup>rd</sup> May 2019 and the Shareholders have approved the same through Postal Ballot on 23<sup>rd</sup> April 2019.

In terms of Section 196 read with Schedule V to the Act, 2013, for continuation of appointment as Managing Director after attaining the age of 70 years requires approval of the shareholders by way of special resolution. Since, the age of CMD will cross 70 years during his tenure, the approval of the shareholders for the re-appointment was obtained by way of a Special Resolution.

### Change in Chief Executive Officer

During the year under review, Mr M Muthuraj retired as the Chief Executive Officer of the Company effective 30<sup>th</sup> April 2018 and Mr Vivek S Joshi was appointed as the Chief Executive Officer of the Company, effective 25<sup>th</sup> January 2019, based on the recommendation of the NRC.

### Change in Chief Financial Officer

During the year under review, Mr V N Venkatanathan resigned as the Chief Financial Officer of the Company and Mr K Gopala Desikan was appointed as the Chief Financial Officer effective 8<sup>th</sup> August 2018, based on the recommendation of the NRC and Audit Committee.

In terms of the Act, 2013, Mr Venu Srinivasan, Chairman and Managing Director, Dr. Lakshmi Venu, Joint Managing Director, Mr Vivek S Joshi, Chief Executive Officer, Mr K Gopala Desikan, Chief Financial Officer and Mr R Raja Prakash, Company Secretary are the 'Key Managerial Personnel' of the Company as on date of this Report.

### Nomination and Remuneration Policy

NRC reviews the composition of the Board to ensure that there is an appropriate mix of abilities, experience and diversity to serve the interests of all Shareholders of the Company.

Nomination and Remuneration Policy was approved by the Board at its meeting held on 24<sup>th</sup> September 2014 and amended from time-to-time in terms of Section 178 of the Act, 2013. The objective of such policy shall be to attract, retain and motivate executive management and devise remuneration structure to link to Company's strategic long term goals, appropriateness, relevance and risk appetite.

NRC will identify, ascertain the integrity, qualification, appropriate expertise and experience, having regard to the skills that the candidate will bring to the Board / Company, whenever the need arises for appointment of Directors / KMP.

Criteria for performance evaluation, disclosures on the remuneration of Directors, criteria of making payments to Non-Executive Directors have been disclosed as part of Corporate Governance Report attached herewith.

### Remuneration payable to Non-executive Independent Directors

The shareholders through Postal Ballot on 22<sup>nd</sup> June 2016 approved the remuneration by way of commission not exceeding 1% of the net profits, in aggregate, payable to Non-Executive and Independent Directors of the Company (NE-IDs) for every year, for a period of 5 years commencing from 1<sup>st</sup> April 2016.

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

### Evaluation of Directors and Committees

In terms of Section 134 of the Act, 2013 and the Corporate Governance requirements as prescribed under the Listing Regulations, the Board reviewed and evaluated all Directors (excluding the Director being

evaluated) and its Committees viz., Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders' Relationship Committee, based on the evaluation criteria laid down by the NRC through a set of questionnaires.

### Directors

The performance of all Directors were assessed against a range of criteria such as contribution to the development of business strategy and performance of the Company, understanding the major risks affecting the Company, clear direction to the management and contribution to the Board cohesion. The performance evaluation has been done by the entire Board of Directors, except the Director concerned being evaluated.

The Board noted that all IDs have understood the opportunities and risks to the Company's strategy and are supportive of the direction articulated by the management team towards consistent improvement.

On the basis of the report of performance evaluation of directors, the Board noted and recorded that all the directors should extend and continue their term of appointment as Directors / Independent Director, as the case may be.

### Committees

Board delegates specific mandates to its Committees, to optimize Directors' skills and talents besides complying with key regulatory aspects.

- Audit Committee for overseeing financial Reporting;
- Risk Management Committee for overseeing the risk management framework;
- Nomination and Remuneration Committee for selecting and compensating Directors / KMPs / SMPs;
- Stakeholders' Relationship Committee for redressing investors grievances; and
- Corporate Social Responsibility Committee for overseeing CSR initiatives and inclusive growth.

The performance of each Committee was evaluated by the Board after seeking inputs from its Members on the basis of specific terms of reference, its charter, time spent by the Committees in considering key issues, quality of information received, major recommendations / action plans and work of each Committee.

The Board is satisfied with the overall effectiveness and decision making of all Committees. The Board reviewed each Committee's terms of reference to ensure that the Company's existing practices remain appropriate.

Recommendations from each Committee were considered and approved by the Board prior to its implementation, wherever necessary and there were no items where the Board had not accepted any recommendation of any Committee of the Board in the relevant financial year.

Details of Committees, its charter, functions are provided in the Corporate Governance Report attached to this Report.

### Number of board meetings held:

The number of board meetings held during the financial year 2018-19 is provided as part of Corporate Governance Report prepared in terms of the Listing Regulations.

## 10. AUDITORS

### Statutory Auditors

The Company at its fifty fifth AGM held on 19<sup>th</sup> July 2017 appointed M/s Raghavan, Chaudhuri & Narayanan, Chartered Accountants, Bengaluru, having Firm Registration No. 007761S allotted by The Institute of Chartered Accountants of India, as Statutory Auditors of the Company to hold office, for the first term of five consecutive years, from the conclusion of the said AGM, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

The statutory auditors will continue to hold office for the third year in the first term of five consecutive years, from the conclusion of this AGM.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being statutory auditors of the Company for the year 2019-20.

The Auditors' Report for the financial year 2018-19 does not contain any qualification, reservation or adverse remark and the same is attached with the annual financial statements.

### Secretarial Auditor

As required under Section 204 of the Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company is required to appoint a Secretarial Auditor for auditing secretarial and related records of the Company.

The Secretarial Audit Report for the financial year 2018-19, given by Ms B Chandra, Practising Company Secretary, Chennai for auditing the secretarial and related records is attached to this report. The Secretarial Audit Report does not contain any qualification, reservation or other remarks.

The board at its meeting held on 2<sup>nd</sup> May 2019 has appointed B Chandra, Practising Company Secretary, Chennai, (CP No. 7859) as Secretarial Auditor for the financial year 2019-20.

### Cost Auditor

As per Section 148 of the Act, 2013 read with the Companies (Cost Records and Audit) Rules 2014, as amended, the cost audit records maintained by the Company in respect of parts manufactured by the Company covered under other machinery specified under Customs Tariff Act heading in Table B to Rule 3 of the above rules, are required to be audited by a Cost Auditor.

In terms of the Companies (Cost Records and Audit) Amendment Rules, 2014, the board, re-appointed Mr A N Raman, Cost Accountant, Chennai holding Certificate of practice No. 5359 allotted by The Institute of Cost Accountants of India, as a Cost Auditor for conducting cost audit for the financial year 2019-20.

The Company has also received necessary certificate under Section 141 of the Act, 2013 from him conveying his eligibility to act as a cost auditor. A sum of ₹ 3.50 lakhs has been fixed by the board as remuneration in addition to reimbursement of all applicable taxes, travelling and out-of-pocket expenses payable to him, which is required to be approved and ratified by the members, at the ensuing AGM as per Section 148(3) of the Act, 2013.

The Company has filed the Cost Audit Report of 2017-18 on 6<sup>th</sup> September 2018 in XBRL format.

## 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 the Listing Regulations form part of this Annual Report.

The Chairman and Managing Director and the Chief Financial Officer of the Company have certified to the Board on financial statements and other matters in accordance with Regulation 17(8) of the Listing Regulations, 2015 pertaining to CEO / CFO certification for the financial year ended 31<sup>st</sup> March 2019.

## 12. BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34 of the Listing Regulations, the Business Responsibility Report for the year 2018-19 describing the initiatives taken from an environment, social and governance perspectives, in the prescribed format is given as Annexure-VI to this Report and is also available on the Company's website viz., [www.sundaram-clayton.com](http://www.sundaram-clayton.com).

## 13. POLICY ON VIGIL MECHANISM

The Company has adopted a Policy on Vigil Mechanism in accordance with the provisions of the Act, 2013 and Regulation 22 of the Listing Regulations, which provides a formal mechanism for all Directors, Employees and other Stakeholders of the Company to report to the management, their genuine concerns or grievances about unethical behaviour, actual or suspected fraud and any violation of the Company's Code of Business Conduct and Ethics.

The Code also provides a direct access to the Chairman of the Audit Committee to make protective disclosures to the management about grievances or violation of the Company's Code.

The Board at its meeting held on 2<sup>nd</sup> May 2019 made certain amendments to the Whistle Blower Policy for reporting any allegations of material nature on any leakage of unpublished price sensitive information.

The policy is disclosed on the Company's website in the following link <http://www.sundaram-clayton.com/Investor/Whistle-Blower-Policy.pdf>



### 14. PUBLIC DEPOSITS

The Company has not accepted any deposit from the public within the meaning of Section 76 of the Act, 2013, for the year ended 31<sup>st</sup> March 2019.

### 15. STATUTORY STATEMENTS

#### **Information on conservation of energy, technology absorption, foreign exchange, etc.,**

Relevant information is given in Annexure-I to this Report, in terms of the requirements of Section 134(3)(m) of the Act, 2013 read with the Companies (Accounts) Rules, 2014.

#### **Material changes and commitments**

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report.

#### **Significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company**

There are no significant and material orders passed by the Regulators or Courts or Tribunals, which would impact the going concern status of the Company and its future operations.

#### **Annual Return**

Extract of Annual Return in the prescribed form is given as Annexure-II to this Report, in terms of the requirement of Section 134(3)(a) of Act, 2013 read with the Companies (Accounts) Rules, 2014.

The same is available on the Companies website in the following link: <http://www.sundaram-clayton.com/Investor/AnnualReturn.pdf>

#### **Employee's remuneration**

Details of employees receiving the remuneration in excess of the limits prescribed under Section 197 of the Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as a statement and given in Annexure-III. In terms of first proviso to Section 136(1) of the Act, 2013 the Annual Report, excluding the aforesaid annexure is being sent to the Shareholders of the Company. The annexure is available for inspection at the Registered Office of the Company during business hours as mentioned in the Notice of AGM and any Shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

#### **Comparative analysis of remuneration paid**

A comparative analysis of remuneration paid to Directors and employees with the Company's performance is given as Annexure-V to this Report.

#### **Details of material related party transactions**

There are no material related party transactions under Section 188 of the Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014.

#### **Details of loans / guarantees / investments made**

During the year under review, the Company had not granted any loans or guarantees covered under Section 186 of the Act, 2013.

Please refer note no. 4 to Notes on accounts for the financial year 2018-19, for details of investments made by the Company.

#### **Reporting of fraud**

The Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Act, 2013.

#### **Disclosure in terms of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has Internal Complaints Committees as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, there were no cases filed pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### 16. ACKNOWLEDGEMENT

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

Chennai  
2<sup>nd</sup> May 2019

VENU SRINIVASAN  
Chairman

## **Annexure - I to Directors' Report to the shareholders**

### **Information pursuant to Section 134(3)(m) of the Companies Act, 2013**

#### **A. CONSERVATION OF ENERGY**

##### **1. Measures taken – FY 2018-19**

- (i) Replaced energy efficient compressed air dryers and reduced pressure drop from 1.0 bar to 0.2 bar.
- (ii) Replaced energy efficient compressor which resulted in reduction of specific energy consumption upto 9%.
- (iii) Modified the compressor air headers pipe line and inter linked the headers between shops and switched OFF dedicated compressors of 90 kW in Padi casting shop.
- (iv) Replaced Metal Halide lights and Fluorescent lamp with Light Emitting Diode (LED) lights across all plants.
- (v) Replaced high flow energy efficient cooling tower supply water pumps from 35 kW to 16 kW.
- (vi) Combined single hydraulic power pack for 2 CNC machines.
- (vii) Introduced timer controller for AC system compressors, fettling cells and core shops to switch OFF when it is not required.
- (viii) Introduced motion controller for the office lights to switch OFF when it is not required.

The above measures have resulted in an annual saving of about ₹ 2.37 Cr

##### **2. Proposed Measures - FY 2019-20**

- (i) Introduction of Thyristor drives for the holding furnaces.
- (ii) Replacement of energy efficient air dryers.
- (iii) Introduction of Variable Frequency Drive in the scrubber induced draught fan motors.
- (iv) Introduction of automation in the Pressure Die Casting holding furnace top lid.
- (v) Introduction of Inlet valve flow control in compressor main header to optimize the air flow & energy.
- (vi) Introduction of accumulator and in Hydraulic circuit of CNC machines to switch ON Hydraulic motor when it is required.

(vii) Compressor energy consumption reduction by air audit study and optimizing the compressed utilization across all plants.

(viii) Variable Frequency Drive (VFD) installation of Air compressors.

The above measures are expected to yield an annual saving of about ₹ 3.65 Cr

##### **3. Steps taken for utilizing alternate sources of energy:**

During the year 2018-19, the Company has utilized power, generated through wind and solar energy to an extent of 182 and 24 lakh units.

The Company also plans to continue the utilization of wind and solar captive energy (290 lakh units) during the year 2019-20.

##### **4. Capital investment in energy conservation equipment:**

In the year 2018-19, the Company has invested ₹ 0.94 Cr towards energy efficient compressors and dryers as "Energy Efficient" measures.

The Company is planning to invest around ₹ 6.29 Cr in 2019- 20 towards the green energy generation of Wind (2 MW) and Solar (10 MW) of power.

#### **B. TECHNOLOGY ABSORPTION FOR 2018-19**

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

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

###### **Completed activities and Ongoing activities:**

- (i) Developed 22 new aluminum die cast products for automotive applications.
- (ii) Established state-of-the-art CT scan facility to reduce new product development lead time.
- (iii) Developed Abrasive Flow Machining (AFM) process to improve surface finish on a specific product - Product preceding technology for the customer.
- (iv) Improved material yield in die casting through design optimization.
- (v) Established semi-solid casting.

## Sundaram-Clayton Limited

- (vi) Establish thermal design for High Pressure Die Casting (HPDC) and Gravity Die Casting dies to control thermodynamics and kinetics during solidification.
- (vii) Development of semisolid casting (GISS) for identified parts to improve casting quality.
- (viii) Establish water free die lubrication in one die casting cell.
- (ix) Established Scanning Electron Microscope (SEM) facility and procedure to evaluate casting metallurgy.

### 2. Future plan of action:

- (i) Develop new process technologies to improve the product quality and performance.
- (ii) Develop Advance Thixotropic Metallurgical (ATM) process technology for HPDC to improve casting yield and quality.
- (iii) Development of structural parts.
- (iv) Develop online Die Temperature closed loop control system.
- (v) Develop prototype Aluminium components through Additive manufacturing.

### Data relating to imported technology: NIL

Technology imported during the last three years reckoned from the beginning of the financial year - NIL

Expenditure on R&D - ₹ 8.10 Cr

## C. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO

### 1. Export activities

Export during the year ended 31<sup>st</sup> March 2019 amounted to ₹ 786.91 Cr as against ₹ 640.20 Cr for the year ended 31<sup>st</sup> March 2018.

### 2. Total foreign exchange earned and used (actual) (₹ in Cr.)

a) Foreign exchange used	770.32
b) Foreign exchange earned	850.38

For and on behalf of the Board

Chennai  
2<sup>nd</sup> May 2019

VENU SRINIVASAN  
Chairman

## Sundaram-Clayton Limited

### Annexure - II to Directors' Report to the shareholders

Form No. MGT-9

#### EXTRACT OF ANNUAL RETURN for the financial year ended 31<sup>st</sup> March 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

i)	CIN	: L35999TN1962PLC004792
ii)	Registration Date	: 24.05.1962
iii)	Name of the Company	: Sundaram-Clayton Limited
iv)	Category / Sub-Category of the Company	: Public Company / Limited by shares
v)	Address of the Registered office and contact details	: "Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006 Tel. : 044 - 2827 2233 Fax : 044 - 2825 7121
vi)	Whether listed company Yes / No	: Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	: Share Transfer Department "Jayalakshmi Estates", 1 <sup>st</sup> Floor, 29, Haddows Road, Chennai - 600 006 Tel. : 044 - 2827 2233 Fax : 044 - 2825 7121 E-mail: raman@scl.co.in

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company:-

Sl. No	Name and Description of main products / services	NIC code of the product / service	% to total turnover of the Company
1	Aluminium Alloy Cast Articles including parts and components	2930	100%

Sub Class (29301):-Manufacture of diverse parts and accessories for motor vehicles such as brakes, gearboxes, axles, road wheels, suspension shock absorbers, radiators, silencers, exhaust pipes, catalysers, clutches, steering wheels, steering columns and steering boxes etc.

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name of the Company	Address of the Company	CIN / GLN	% of shares held	Applicable Section of the Companies Act, 2013
<b>Holding Companies</b>					
1.	T V Sundram Iyengar & Sons Private Limited & its subsidiaries in Sl. No.2 and 3	TVS Building, 7-B, West Veli Street, Madurai - 625 001	U34101TN1929PTC002973	Holds 63.76% in the Company	2(46)
2.	Sundaram Industries Private Limited	211, South Veli Street, Madurai - 625 001	U65991TN1943PTC002656		
3.	Southern Roadways Limited	Lakshmi Buildings, Usilampatti Road, Kochadai, Madurai - 625 016	U60221TN1946PLC002582		
<b>Subsidiary Companies</b>					
4.	TVS Motor Company Limited	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006	L35921TN1992PLC022845	57.40% held by the Company	2(87)
5.	Sundaram Auto Components Limited		U29249TN1992PLC051417	100% held by Sl No.4	
6.	TVS Housing Limited	1 <sup>st</sup> Floor, Greenways Towers, No. 119, St. Marys Road, Abhiramapuram, Chennai - 600018	U70101TN2010PLC075027	100% held by Sl No.4	2(87)

## Sundaram-Clayton Limited

Sl. No	Name of the Company	Address of the Company	CIN / GLN	% of shares held	Applicable Section of the Companies Act, 2013
7.	TVS Motor Services Limited	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006	U50404TN2009PLC071075	100% held by SI No. 4	2(87)
8.	TVS Credit Services Limited		U65920TN2008PLC069758	75.61% held by SI. No 7; 1.22% held by the Company and 10.29 % held by SI. No 4	2(87)
9.	TVS Two Wheeler Mall Private Limited		U65923TN2017PTC118211	100% held by SI No.8	2(87)
10.	TVS Micro Finance Private Limited		U65929TN2017PTC118238		2(87)
11.	Harita ARC Private Limited		U65999TN2017PTC118296		2(87)
12.	Harita Collection Services Private Ltd		U65100TN2017PTC118290		2(87)
13.	TVS Commodity Financial Solutions Private Ltd		U65929TN2017PTC118316		2(87)
14.	TVS Housing finance Private Limited		U65999TN2017PTC118512		2(87)
15.	PT. TVS Motor Company Indonesia	Gedung Wirausaha, 3 <sup>rd</sup> Floor, Jalan, H.R. Rasuna Said, Kav. C5, Jakarta 12920, Indonesia	NA	46.01% by SI No. 4; 19.14% by SI No. 16; and 34.85% by SI No. 17	2(87)
16.	TVS Motor Company (Europe) B.V. (TVSM Europe)	Hoogoorddreef 15 1101 BA Amsterdam, Netherlands	NA	100% held by SI No.4	2(87)
17.	TVS Motor (Singapore) Pte. Limited (TVSM Singapore)	17, Phillip Street, #05-01, Grand Building, Singapore - 048 695	NA		2(87)
18.	Sundaram-Clayton (USA) Limited, USA	700 Commerce DR STE 500, Oak Brook, IL 60523-8736, Du Page, USA	NA	100% held by the Company	2(87)
19.	Sundaram Holding USA Inc., USA	2711, Centerville Road, #400, Wilmington, New Castle - 19808, State of Delaware, USA.	NA.	25% held by the Company; and 75% held by SI.No.5	2(87)
20.	Green Hills Land Holding LLC	1703, Laurel Street, Columbia, South Carolina - 29201, USA	NA	100% held by SI. No.19	2(87)
21.	Components Equipment Leasing LLC	USA	NA		2(87)
22.	Sundaram-Clayton (USA) LLC	USA	NA		2(87)
23.	Premier Land Holding LLC	120, Casting Way, Ridgeville, South Carolina - 29472, USA	NA		2(87)
<b>Associate Companies</b>					
24.	Sundram Non-Conventional Energy Systems Limited	98-A, VII Floor, Dr. Radhakrishnan Salai, Mylapore, Chennai - 600 004	U40108TN1994PLC029132	23.53% held by the Company	2(87)
25.	TVS Training and Services Limited	29, Haddows Road, Chennai - 600 006	U74990TN2010PLC075028	30.53% held by the Company	2(87)
26.	Emerald Haven Realty Limited	1 <sup>st</sup> Floor, Greenways Towers, No. 119, St. Marys Road, Abhiramapuram, Chennai - 600 018	U45200TN2010PLC075953	49% held by SI No.4	2(87)

## Sundaram-Clayton Limited

### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1 <sup>st</sup> April 2018)				No. of Shares held at the end of the year (as on 31 <sup>st</sup> March 2019)				Change in % of shareholding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>Indian</b>									
- Bodies Corporate	1,51,74,060	-	1,51,74,060	75.00	1,51,74,060	-	1,51,74,060	75.00	-
<b>Total Shareholding of Promoter (A)</b>	1,51,74,060	-	1,51,74,060	75.00	1,51,74,060	-	1,51,74,060	75.00	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	25,32,478	-	25,32,478	12.52	25,38,792	-	25,38,792	12.55	0.03
b) Banks / Financial Institution	517	-	517	-	796	-	796	-	-
c) Insurance Companies	5,76,808	-	5,76,808	2.85	5,74,208	-	5,74,208	2.84	(0.01)
d) Foreign Portfolio Investors	97,961	-	97,961	0.48	1,25,617	-	1,25,617	0.62	0.14
<b>Sub-total (B)(1)</b>	32,07,764	-	32,07,764	15.85	32,39,413	-	32,39,413	16.01	0.16
<b>2. Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	1,71,578	1,973	1,73,551	0.86	1,67,731	1,299	1,69,030	0.84	(0.02)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	12,64,497	1,72,649	14,37,146	7.11	12,75,140	89,259	13,64,399	6.74	(0.37)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,95,560	-	1,95,560	0.98	2,40,701	-	2,40,701	1.21	0.23
c) Directors and their relatives	2,967	-	2,967	0.01	1,162	-	1,162	-	(0.01)
d) Non- Residents Individuals	34,628	133	34,761	0.17	39,168	-	39,168	0.19	0.02
e) Clearing Members	5,648	-	5,648	0.03	3,567	-	3,567	0.01	(0.02)
f) Trusts	500	-	500	-	500	-	500	-	-
g) LLP	45	-	45	-	2	-	2	-	-
h) Foreign National	83	-	83	-	83	-	83	-	-
<b>Sub-total (B)(2):</b>	16,75,506	1,74,755	18,50,261	9.15	17,28,054	90,558	18,18,612	8.99	(0.16)
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	48,83,270	1,74,755	50,58,025	25.00	49,67,467	90,558	50,58,025	25.00	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	2,00,57,330	1,74,755	2,02,32,085	100.00	2,01,41,527	90,558	2,02,32,085	100.00	-

## Sundaram-Clayton Limited

### ii) Shareholding of Promoters and Promoters' Group

S. No.	Name of the Promoter	Opening Balance as on 01.04.2018 (% of the total share capital)	Date of Dealing	Purchase or Sale	No. of shares	% of total shares of the Company	Cumulative		Closing Balance as on 31.03.2019	
							No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	T V Sundram Iyengar & Sons Private Limited	38,07,330 (18.82%)	-	-	-	-	-	-	-	-
2	Sundaram Industries Private Limited	60,62,522 (29.96%)	-	-	-	-	-	-	-	-
3	Southern Roadways Limited	30,31,127 (14.98%)	-	-	-	-	-	-	-	-
4	Sundaram Finance Holdings Limited	22,73,081 (11.24%)	-	-	-	-	-	-	-	-

iii) There is no change in Promoters' and Promoters' Group Shareholding during the year 2018-19.

iv) Shareholding Pattern of top ten Shareholders as on 31<sup>st</sup> March 2019 (other than Directors, Promoters and Holders of GDRs and ADRs):

Opening Balance	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>BIRLA SUNLIFE TRUSTEE COMPANY PRIVATE LIMITED</b>								
8,52,862 (4.22%)	01-04-2018	Opening Balance						
	06-04-2018	Transfer / Purchase	3,471	0.02	8,56,333	4.23		
	06-04-2018	Transfer / Sale	450	0.00	8,55,883	4.23		
	13-04-2018	Transfer / Purchase	9,857	0.05	8,65,740	4.28		
	20-04-2018	Transfer / Purchase	7,879	0.04	8,73,619	4.32		
	27-04-2018	Transfer / Purchase	8,823	0.04	8,82,442	4.36		
	27-04-2018	Transfer / Sale	4,545	0.02	8,77,897	4.34		
	04-05-2018	Transfer / Purchase	5,395	0.03	8,83,292	4.37		
	11-05-2018	Transfer / Purchase	7,861	0.04	8,91,153	4.40		
	18-05-2018	Transfer / Purchase	8,370	0.04	8,99,523	4.45		
	25-05-2018	Transfer / Purchase	7,608	0.04	9,07,131	4.48		
	25-05-2018	Transfer / Sale	3,614	0.02	9,03,517	4.47		
	27-07-2018	Transfer / Purchase	10,047	0.05	9,13,564	4.52		
	27-07-2018	Transfer / Sale	8,843	0.04	9,04,721	4.47		
	03-08-2018	Transfer / Purchase	1,145	0.01	9,05,866	4.48		
	10-08-2018	Transfer / Purchase	3,150	0.02	9,09,016	4.49		
	13-08-2018	Transfer / Purchase	540	0.00	9,09,556	4.50		
	17-08-2018	Transfer / Purchase	1,350	0.01	9,10,906	4.50		
	24-08-2018	Transfer / Purchase	4,860	0.02	9,15,766	4.53		
	31-08-2018	Transfer / Purchase	4,320	0.02	9,20,086	4.55		
07-09-2018	Transfer / Purchase	3,330	0.02	9,23,416	4.56			
14-09-2018	Transfer / Purchase	2,160	0.01	9,25,576	4.57			
21-09-2018	Transfer / Purchase	2,025	0.01	9,27,601	4.58			
28-09-2018	Transfer / Purchase	7,380	0.04	9,34,981	4.62			

## Sundaram-Clayton Limited

Opening Balance	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	05-10-2018	Transfer / Purchase	5,400	0.03	9,40,381	4.65		
	12-10-2018	Transfer / Purchase	5,809	0.03	9,46,190	4.68		
	19-10-2018	Transfer / Purchase	3,780	0.02	9,49,970	4.70		
	26-10-2018	Transfer / Purchase	8,313	0.04	9,58,283	4.74		
	30-11-2018	Transfer / Purchase	5,398	0.03	9,63,681	4.76		
	30-11-2018	Transfer / Sale	5,398	0.03	9,58,283	4.74		
	21-12-2018	Transfer / Purchase	1,957	0.01	9,60,240	4.75		
	21-12-2018	Transfer / Sale	1,957	0.01	9,58,283	4.74		
	11-01-2019	Transfer / Purchase	2,720	0.01	9,61,003	4.75		
	11-01-2019	Transfer / Sale	2,720	0.01	9,58,283	4.74		
	15-02-2019	Transfer / Sale	10,737	0.05	9,47,546	4.68		
	22-02-2019	Transfer / Purchase	10,761	0.05	9,58,307	4.74		
	15-03-2019	Transfer / Sale	1,020	0.01	9,57,287	4.73		
	15-03-2019	Transfer / Purchase	1,020	0.01	9,58,307	4.74		
	29-03-2019	Transfer / Sale	9,752	0.05	9,48,555	4.69		
	29-03-2019	Transfer / Purchase	9,752	0.05	9,58,307	4.74		
	31-03-2019	Closing Balance					9,58,307	4.74
<b>SBI MAGNUM BALANCED FUND</b>								
7,00,000 (3.46%)	01-04-2018	Opening Balance						
	5-02-2019	Transfer / Sale	24,966	0.12	6,75,034	3.34		
	31-03-2019	Closing Balance					6,75,034	3.34
<b>ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD</b>								
5,76,421 (2.85%)	01-04-2018	-	-	-	-	-		
	06-04-2018	Transfer / Purchase	17,867	0.09	5,94,288	2.94		
	10-08-2018	Transfer / Sale	41	0.00	5,94,247	2.94		
	24-08-2018	Transfer / Sale	2,500	0.01	5,91,747	2.92		
	14-09-2018	Transfer / Sale	555	0.00	5,91,192	2.92		
	21-09-2018	Transfer / Sale	1,012	0.01	5,90,180	2.92		
	28-09-2018	Transfer / Sale	6,338	0.03	5,83,842	2.89		
	05-10-2018	Transfer / Sale	1,051	0.01	5,82,791	2.88		
	12-10-2018	Transfer / Sale	4,779	0.02	5,78,012	2.86		
	19-10-2018	Transfer / Sale	8,870	0.04	5,69,142	2.81		
	26-10-2018	Transfer / Sale	4,467	0.02	5,64,675	2.79		
	02-11-2018	Transfer / Sale	422	0.00	5,64,253	2.79		
	09-11-2018	Transfer / Sale	168	0.00	5,64,085	2.79		
	16-11-2018	Transfer / Sale	148	0.00	5,63,937	2.79		
	23-11-2018	Transfer / Sale	113	0.00	5,63,824	2.79		
	30-11-2018	Transfer / Sale	144	0.00	5,63,680	2.79		
	07-12-2018	Transfer / Sale	371	0.00	5,63,309	2.78		
	14-12-2018	Transfer / Sale	358	0.00	5,62,951	2.78		
	21-12-2018	Transfer / Sale	212	0.00	5,62,739	2.78		
	31-03-2019	Closing Balance	-	-	-	-	5,62,739	2.78



## Sundaram-Clayton Limited

Opening Balance	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MIDCAP</b>								
1,032,338 (2.19%)	04-01-2018	–	–	–	–	–		
	04-05-2018	Transfer / Purchase	265	0.00	4,44,213	2.20		
	11-05-2018	Transfer / Purchase	1,493	0.01	4,45,706	2.20		
	25-05-2018	Transfer / Purchase	42,225	0.21	4,87,931	2.41		
	08-06-2018	Transfer / Purchase	1,200	0.01	4,89,131	2.42		
	15-06-2018	Transfer / Purchase	41,274	0.20	5,30,405	2.62		
	06-07-2018	Transfer / Purchase	750	0.00	5,31,155	2.63		
	13-07-2018	Transfer / Purchase	17,648	0.09	5,48,803	2.71		
	21-09-2018	Transfer / Purchase	4,362	0.02	5,53,165	2.73		
	21-09-2018	Transfer / Sale	4,251	0.02	5,48,914	2.71		
	21-12-2018	Transfer / Purchase	32	0.00	5,48,946	2.71		
	28-12-2018	Transfer / Purchase	300	0.00	5,49,246	2.71		
	04-01-2019	Transfer / Purchase	500	0.00	5,49,746	2.72		
	31-03-2019	Closing Balance					5,49,746	2.72
<b>RELIANCE CAPITAL TRUSTEE CO LTD</b>								
5,30,394 (2.62%)	01-04-2018	–	–	–	–	–		
	06-04-2018	Transfer / Sale	28,569	0.14	5,01,825	2.48		
	13-04-2018	Transfer / Sale	10,168	0.05	4,91,657	2.43		
	20-04-2018	Transfer / Sale	6,417	0.03	4,85,240	2.40		
	27-04-2018	Transfer / Sale	9,930	0.05	4,75,310	2.35		
	04-05-2018	Transfer / Sale	3,304	0.02	4,72,006	2.33		
	11-05-2018	Transfer / Sale	7,764	0.04	4,64,242	2.29		
	18-05-2018	Transfer / Sale	4,177	0.02	4,60,065	2.27		
	25-05-2018	Transfer / Sale	3,589	0.02	4,56,476	2.26		
	01-06-2018	Transfer / Sale	202	0.00	4,56,274	2.26		
	08-06-2018	Transfer / Sale	34,324	0.17	4,21,950	2.09		
	15-06-2018	Transfer / Sale	7,413	0.04	4,14,537	2.05		
	13-07-2018	Transfer / Sale	18,000	0.09	3,96,537	1.96		
	03-08-2018	Transfer / Sale	1,303	0.01	3,95,234	1.95		
	10-08-2018	Transfer / Sale	4,815	0.02	3,90,419	1.93		
	13-08-2018	Transfer / Sale	475	0.00	3,89,944	1.93		
	24-08-2018	Transfer / Sale	12,600	0.06	3,77,344	1.87		
	31-08-2018	Transfer / Sale	5,450	0.03	3,71,894	1.84		
	07-09-2018	Transfer / Sale	2,403	0.01	3,69,491	1.83		
	14-09-2018	Transfer / Sale	1,079	0.01	3,68,412	1.82		
	21-09-2018	Transfer / Sale	733	0.00	3,67,679	1.82		
	28-09-2018	Transfer / Sale	391	0.00	3,67,288	1.82		
	05-10-2018	Transfer / Sale	13	0.00	3,67,275	1.82		
19-10-2018	Transfer / Sale	650	0.00	3,66,625	1.81			
14-12-2018	Transfer / Sale	2,928	0.01	3,63,697	1.80			
21-12-2018	Transfer / Sale	6,337	0.03	3,57,360	1.77			

## Sundaram-Clayton Limited

Opening Balance	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	28-12-2018	Transfer / Sale	788	0.00	3,56,572	1.76		
	04-01-2019	Transfer / Sale	235	0.00	3,56,337	1.76		
	11-01-2019	Transfer / Sale	92	0.00	3,56,245	1.76		
	18-01-2019	Transfer / Sale	242	0.00	3,56,003	1.76		
	25-01-2019	Transfer / Sale	1,587	0.01	3,54,416	1.75		
	01-02-2019	Transfer / Sale	3,073	0.02	3,51,343	1.74		
	08-02-2019	Transfer / Sale	1,457	0.01	3,49,886	1.73		
	15-02-2019	Transfer / Sale	1,479	0.01	3,48,407	1.72		
	01-03-2019	Transfer / Sale	1,259	0.01	3,47,148	1.72		
	31-03-2019	Closing Balance					3,47,148	1.72
<b>SUNDARAM INDIA MIDCAP FUND</b>								
81,598 (0.40%)	01-04-2018	Opening Balance	-	-	-	-		
	06-04-2018	Transfer / Purchase	10,350	0.05	91,948	0.454		
	31-08-2018	Transfer / Purchase	6,450	0.03	98,398	0.486		
	31-03-2019	Closing Balance					98,398	0.49
<b>MANSAN INVESTMENTS PRIVATE LIMITED</b>								
95,596 (0.47%)	01-04-2018	Opening Balance	-	-	-	-		
	31-03-2019	Closing Balance					95,596	0.47
<b>NALINI SEKHSARIA</b>								
58,000 (0.29%)	01-04-2018	Opening Balance	-	-	-	-		
	31-03-2019	Closing Balance					58,000	0.29
<b>CHINMAY G PARIKH</b>								
45,073 (0.22%)	01-04-2018	Opening Balance	-	-	-	-		
	31-03-2019	Closing Balance					45,073	0.22
<b>CHINMAY G PARIKH</b>								
19,451 (0.10%)	01-04-2018	Opening Balance	-	-	-	-		
	15-02-2019	Transfer / Purchase	25,000	0.12	44,451	0.220		
	31-03-2019	Closing Balance					44,451	0.22

## Sundaram-Clayton Limited

### v) Shareholding of Directors and Key Managerial Personnel:

Name of the Director / KMP (M/s.)	Opening Balance as on 01.04.2019 (% of the total share capital)	Date of Dealing	Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance as on 31.03.2019	
						No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Venu Srinivasan	Nil	-	-	-	-	-	-	Nil	-
Dr. Lakshmi Venu	Nil	-	-	-	-	-	-	Nil	-
Sudarshan Venu	Nil	-	-	-	-	-	-	Nil	-
Gopal Srinivasan	66	-	-	-	-	-	-	66	-
T K Balaji	Nil	-	-	-	-	-	-	Nil	-
Vice Admiral P J Jacob (Retd.)	Nil	-	-	-	-	-	-	Nil	-
V Subramanian	Nil	-	-	-	-	-	-	Nil	-
S Santhanakrishnan	Nil	-	-	-	-	-	-	Nil	-
R Gopalan	Nil	-	-	-	-	-	-	Nil	-
R Vijayaraghavan	Nil	-	-	-	-	-	-	Nil	-
Kamlesh Gandhi	Nil	-	-	-	-	-	-	Nil	-
Sasikala Varadachari	Nil	-	-	-	-	-	-	Nil	-
Vivek S Joshi	Nil	-	-	-	-	-	-	Nil	-
K Gopala Desikan	Nil	-	-	-	-	-	-	Nil	-
R Raja Prakash	Nil	-	-	-	-	-	-	Nil	-

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment.

(Rupees in crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>			
i) Principal Amount	540.65	124.86	665.51
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	1.90	1.11	3.01
<b>Total (i + ii + iii)</b>	<b>542.55</b>	<b>125.97</b>	<b>668.52</b>
<b>Change in Indebtedness during the financial year</b>			
- Addition	11.27	47.69	58.96
- Reduction	-	-	-
<b>Net Change</b>	<b>11.27</b>	<b>47.69</b>	<b>58.96</b>
<b>Indebtedness at the end of the financial year</b>			
i) Principal Amount	550.75	172.94	723.69
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	3.08	0.72	3.80
<b>Total</b>	<b>553.82</b>	<b>173.66</b>	<b>727.49</b>

## Sundaram-Clayton Limited

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rupees in lakhs)

Sl. No.	Particulars of Remuneration	Mr Venu Srinivasan CMD	Dr. Lakshmi Venu JMD	Mr Sudarshan Venu JMD*	Total Amount
1.	Gross salary				
	(a) Salary as per provisions contained under Section 17(1) of the Income-tax Act, 1961	51.00	90.00	21.76	162.76
	(b) Value of perquisites under Section 17(2) of Income-tax Act, 1961	29.62	71.24	0.66	101.52
	(c) Profits in lieu of salary under Section 17(3) of Income tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	- as % of profit	–	450.00	–	450.00
	- others	–	–	–	–
5.	Others - Contribution to Provident and other funds	8.67	15.30	–	23.97
	Total (A)	89.29	626.54	22.42	738.25
	Overall ceiling as per the Act, 2013				1289.90

CMD - Chairman and Managing Director; JMD - Joint Managing Director

\* upto 10<sup>th</sup> March 2019.

B. Remuneration to other directors:

(Rupees in lakhs)

Particulars of Remuneration	Name of Directors							Total Amount
	PJJ	VSN	SSK	RG	RV	KG	SVA	
Independent Directors								
-Fee for attending board / committee meetings	1.70	1.50	1.40	1.00	1.50	0.50	0.40	8.00
-Commission	12.00	12.00	12.00	12.00	12.00	9.00	3.92*	72.92
-Others	–	–	–	–	–	–	–	–
Total (1)	13.70	13.50	13.40	13.00	13.50	9.50	4.32	80.92
	Name of Directors							
	KM <sup>§</sup>	GS	TKB					
Other Non-Executive Directors								
-Fee for attending board / committee meetings	0.10	0.50	0.70					–
-Commission	–	–	–					–
-Others	–	–	–					–
Total (2)	0.10	0.50	0.70					1.30
Total (B)								82.22
<b>Total Managerial Remuneration (A) + (B)</b>								<b>820.47</b>
Overall Ceiling as per the Act, 2013								1418.89

PJJ - Vice Admiral P J Jacob (Retd.); VSN - Mr V Subramanian; SSK - Mr S Santhanakrishnan; RG - Mr R Gopalan; RV - Mr R Vijayaraghavan; KG - Mr Kamlesh Gandhi; SVA - Ms Sasikala Varadachari; KM - Mr K Mahesh; GS - Mr Gopal Srinivasan; TKB - Mr T K Balaji.

\* Ms Sasikala Varadachari was appointed as Independent Director w.e.f 24<sup>th</sup> October, 2018.

§Ceased to be a Director w.e.f. 2<sup>nd</sup> February, 2019.

## Sundaram-Clayton Limited

### C. Remuneration to Key Managerial Personnel other than MD/ Manager / WTD

(Rupees in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total Amount
		CEO		CFO <sup>§</sup>	CS	
		MM <sup>#</sup>	VSJ <sup>*</sup>			
1.	Gross salary					
	(a) Salary as per provisions contained under Section 17(1) of the Income-tax Act, 1961	16.59	30.21	82.99	50.28	180.07
	(b) Value of perquisites under Section 17(2) of Income-tax Act, 1961	–	0.04	4.42	7.54	12.00
	(c) Profits in lieu of salary under Section 17(3) of Income tax Act, 1961	–	–	–	–	–
2.	Stock Option	–	–	–	–	–
3.	Sweat Equity	–	–	–	–	–
4.	Commission - as % of profit	–	–	–	–	–
	- others	–	–	–	–	–
5.	Others - Contribution to Provident and other funds	0.34	1.30	2.24	1.95	5.83
	<b>Total</b>	<b>16.93</b>	<b>31.55</b>	<b>89.65</b>	<b>59.77</b>	<b>197.90</b>

# Mr M Muthuraj (MM) retired as Chief Executive Officer effective 30<sup>th</sup> April 2018

\* Mr Vivek S Joshi (VSJ) was appointed as Chief Executive Officer effective 25<sup>th</sup> January 2019

§ Mr V N Venkatanathan, ceased to be CFO effective 8<sup>th</sup> August 2018. Mr K Gopala Desikan, who was appointed as CFO effective 9<sup>th</sup> August 2018 received remuneration from one of its subsidiary

### VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: Nil

For and on behalf of the board

Chennai  
2<sup>nd</sup> May 2019

VENU SRINIVASAN  
Chairman

## Annexure - IV to Directors' Report to the shareholders

### Particulars of Corporate Social Responsibility activities carried out by the Company in terms of Section 135 of the Companies Act, 2013

1. A brief outline of the Company's CSR policy:

This policy encompasses the Company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programs for the transformation and sustainable development of the rural communities at large.

2. Overview of projects or programs proposed to be undertaken:

Focus areas relate to economic development, quality education, health care, conservation of environment and the creation, maintenance of infrastructure, art, culture and protection of places of public and historical importance.

3. Web-link to the CSR policy and projects or programs - <http://www.sundaram-clayton.com/Investor/CSR-Policy.pdf>

4. Composition of the CSR Committee.

#	Name of the Director (M/s.)	Designation	Status
1.	Venu Srinivasan	Chairman and Managing Director	Chairman
2.	Dr. Lakshmi Venu	Joint Managing Director	Member
3.	Vice Admiral P J Jacob	Independent Director	Member

5. Average net profit of the Company for last three financial years ₹ 5.27 Cr

6. Prescribed CSR Expenditure (2% of the amount as in item No. 5 above) ₹ 0.11 Cr

7. Details of CSR spent during the financial year

(a) Total amount spent for the financial year ₹ 0.25 Cr

(b) Amount unspent, if any -

(c) Manner in which the amount spent during the financial year is detailed below.

1	Name of the Implementing Agency	Sri Sathya Sai Central Trust, Prasanthi Nilayam - 515 134 Anantapur District, Andhra Pradesh, India. Telefax: +91-8555-287390 Email: finance@sssct.org
2	CSR Project or activity identified as mentioned in Schedule VII to the Companies Act, 2013	<ul style="list-style-type: none"> <li>Promoting free medical care is one of the objects of the Trust</li> </ul>
3	Sector in which the Project is covered	<ul style="list-style-type: none"> <li>Providing free medical care including consultation, diagnosis, comprehensive treatment and follow up to all patients totally free of charge.</li> </ul>

4	Areas in which Projects / Programmes undertaken: Local Area / Others:	Sri Sathya Sai Institute of Higher Medical Sciences at Prasanthi Gram, Andhra Pradesh and at Whitefield, Bengaluru, Sri Sathya Sai General Hospital at Prasanthi Nilayam and at Whitefield, Bengaluru and Sri Sathya Sai Mobile Hospital, Prasanthi Nilayam, Puttaparthi and Whitefield, Bengaluru.
	State & district :	Andhra Pradesh, Anantapur District and Karnataka, Bengaluru District
	Amount outlay (budget) project or program -wise:	₹ 25 Lakhs
5	Amount spent on the projects or programmes:	₹ 25 Lakhs
6	<b>Sub-heads:</b>	
	Direct expenses on projects / programs:	₹ 100 Cr (including contribution of the Company of ₹ 25 Lakhs)
	Overheads:	Nil
7	Cumulative expenditure upto the reporting period:	₹ 100 Cr (including contribution of the Company of ₹ 25 Lakhs)

8. In case the Company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

Not applicable

9. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

To discharge the duties cast under provisions of the Companies Act, 2013, members of the CSR Committee visit places where implementing agency is doing service.

For and on behalf of the board of directors

VENU SRINIVASAN

Chairman and Managing Director and  
Chairman of CSR Committee

Chennai  
2<sup>nd</sup> May 2019

## Sundaram-Clayton Limited

### Annexure - V to Directors' Report to the shareholders

#### COMPARATIVE ANALYSIS OF REMUNERATION PAID TO DIRECTORS AND EMPLOYEES WITH THE COMPANY'S PERFORMANCE

Sl. No.	Name of the Director (M/s.)	Designation	Ratio to Median Remuneration	% increase in remuneration	
1	Venu Srinivasan	CMD	1:22	-	
	Dr Lakshmi Venu	JMD	1:155	267%	
	Sudarshan Venu*	NENID	1:6	-	
	Gopal Srinivasan	NENID	NA	NA	
	T K Balaji		NA		
	Vice Admiral P J Jacob	NEID	1:3		
	V Subramanian		1:3		
	S Santhanakrishnan		1:3		
	R Gopalan		1:3		
	R Vijayaraghavan		1:3		
	Kamlesh Gandhi		1:2		
	Sasikala Varadachari#		1:2		
	Vivek S Joshi ^		President & CEO		NA
	V N Venkatanathan @		CFO		
	K Gopala Desikan\$	CFO			
R Raja Prakash	CS	22%			
<p>* - ceased to be JMD effective 10.03.2019.                      # - appointed effective 24.10.2018.                      ^ - appointed effective 25.01.2019.                      @ - ceased to be CFO effective 08.08.2018.                      \$ - appointed effective 09.08.2018.                      CMD - Chairman and Managing Director                      JMD - Joint Managing Director                      NENID- Non Executive Non Independent Director                      NEID - Non Executive Independent Director                      CEO - Chief Executive Officer                      CFO - Chief Financial Officer                      CS - Company Secretary</p>					
2	The percentage increase in the median remuneration of employees in the financial year;				4%
3	The number of permanent employees on the rolls of Company;			2318	
4	a. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2018-19			5.23%	
	b. Average percentile increase in the managerial remuneration in the financial year 2018-19			\$	
	\$ Due to inadequacy of profits in 2017-18, the Company has not paid profit related commission to Executive Directors. Hence the average percentile increase in managerial remuneration in the financial year 2018-19 could not be arrived at.				
5	Affirmation that the remuneration is as per the remuneration policy of the Company.			Remuneration paid during the year 2018-19 is as per the Remuneration Policy of the Company	

For and on behalf of the Board of Directors

Chennai  
2<sup>nd</sup> May 2019

VENU SRINIVASAN  
Chairman

## Sundaram-Clayton Limited

### Annexure - VI to Directors' Report to the shareholders

#### BUSINESS RESPONSIBILITY REPORT (BRR)

[Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

#### Introduction

Sundaram-Clayton Limited (SCL or the Company) is one of the largest aluminium castings manufacturer in India, with a total revenue of ₹ 1,932.94 Cr for the year 2018-19.

The Business Responsibility disclosures in this Report illustrate the Company's efforts towards creating and enduring value for all stakeholders in a responsible manner. This Report is aligned with National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG) released by Ministry of Corporate Affairs, and is in accordance with Regulation 34(2)(f) of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). This Report provides an overview of the activities carried out by the Company under each of the nine principles as outlined in NVG.

#### Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L35999TN1962PLC004792				
2.	Name of the Company	Sundaram-Clayton Limited				
3.	Registered address of the Company	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006				
4.	Website	<a href="http://www.sundaram-clayton.com">www.sundaram-clayton.com</a>				
5.	E-mail id	<a href="mailto:corpsec@scl.co.in">corpsec@scl.co.in</a>				
6.	Financial Year reported	2018-19				
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Aluminium Castings <table border="1"><thead><tr><th>NIC Code</th><th>Description</th></tr></thead><tbody><tr><td>2930</td><td>Aluminium Alloy Cast Articles including parts and components.</td></tr></tbody></table>	NIC Code	Description	2930	Aluminium Alloy Cast Articles including parts and components.
NIC Code	Description					
2930	Aluminium Alloy Cast Articles including parts and components.					
8.	List three key products/ services that the Company manufactures/provides (as in balance sheet)	Machined and sub-assembled aluminium castings for heavy and medium commercial vehicles, passenger cars and two-wheelers (Please refer to the Company's website for complete list of our products)				
9.	Total number of locations where business activity is undertaken by the Company:					
	i. Number of International Locations	One (United States of America) The Company is setting up an overseas manufacturing facility in The United States of America, where commercial production is expected to commence in the year 2019-20.				
	ii. Number of National Locations -					
	A. The Company has four manufacturing locations:					
	1. Padi	Chennai - 600 050, Tamil Nadu, India				
	2. Mahindra World City	Plot No. AA5, VI Avenue, Auto Ancillary SEZ, Mahindra World City, Chengalpattu, Kancheepuram District - 603 004, Tamil Nadu, India				



## Sundaram-Clayton Limited

	3. Oragadam	Plot No.B-14, SIPCOT Industrial Growth Centre, Sriperumbudur Taluk, Kancheepuram District - 602 105, Tamil Nadu, India.
	4. Hosur	Hosur - Thally Road, Belagondapalli, Hosur - 635 114, Tamil Nadu, India.
	B. The registered office of the Company is situated at "Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006, Tamil Nadu, India	
10.	Markets served by the Company - Local / State / National / International	The Company's castings cater to the needs of select American / European and Indian vehicle OEM's and Tier 1. Focus of business is on truck markets.

### Section B: Financial details of the Company

1.	Paid up Capital (INR)	₹ 10.12 Crores
2.	Total Revenue (INR)	₹ 1,932.94 Crores
3.	Profit after tax (INR)	₹ 119.66 Crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of net profit (%)	₹ 25 lakhs (being more than 2% of the average net profits for the three immediately preceding financial years)
5.	List of activities in which expenditure in 4 above has been incurred	<ul style="list-style-type: none"> <li>• Eradicating hunger, poverty, promoting preventive healthcare, sanitation and making available safe drinking water;</li> <li>• Promoting education, including special education and employment enhancing vocation skills especially among children, women and livelihood enhancement projects;</li> <li>• Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups;</li> <li>• Ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;</li> <li>• Rural development projects; and</li> <li>• Health care activities.</li> </ul>

### Section C: Other Details

1.	Does the Company have any Subsidiary Company / Companies ?	The Company has eleven subsidiaries in India and nine foreign subsidiaries as on 31 <sup>st</sup> March 2019.
2.	Do the Subsidiary Company / Companies participate in the Business Responsibility Initiatives of the parent Company ? If yes, then indicate the number of such subsidiary Company(s)	<p>Yes.</p> <p>The Company positively influences and encourages its subsidiaries to adopt Business Responsibility (BR) initiatives.</p> <p>All the Company's subsidiaries are guided by the Company to conduct their business in an ethical, transparent and accountable manner.</p> <p>It encompasses suppliers, customers, employees, Government authorities and other stakeholders.</p>

## Sundaram-Clayton Limited

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company ?  
If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]
- Suppliers are critical to our operations and supply chain sustainability issues can impact the operations. The Company engages suppliers through various channels for operational issues.
- The suppliers and vendors are provided awareness on environmental and social issues. The vendor meets are used as a platform to raise awareness on health & safety, environmental and community initiatives of the Company.

### Section D: BR Information

1. Details of Director / Official responsible for BR
- a) Details of the Director / Official responsible for implementation of the BR policy/policies.

S.No.	Particulars	Director	BR Head
1.	DIN	02702020	–
2.	Name	Dr. Lakshmi Venu	C. Narasimhan
3.	Designation	Joint Managing Director	Advisor
4.	Telephone	044-28272233	044-26257177
5.	E-mail id	<a href="mailto:corpsec@scl.co.in">corpsec@scl.co.in</a>	

2. Principle-wise (as per NVGs) BR Policy / policies (Reply in Y/N)

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

- P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3 Businesses should promote the well-being of all employees.
- P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5 Businesses should respect and promote human rights.
- P6 Businesses should respect, protect, and make efforts to restore the environment.
- P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8 Businesses should support inclusive growth and equitable development.
- P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner.

S. No.	Question	Business Ethics	Product Responsibility	Well being of employee	Stakeholders engagement	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy / policies for ?	Y	Y*	Y*	Y*	Y*	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders ?	Y	Y	Y	Y	Y	Y	–	Y	Y

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S. No.	Question	Business Ethics	Product Responsibility	Well being of employee	Stakeholders engagement	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y (ISO 14001 and OSHAS 18001)	-	Y	Y
		All the policies of the Company are in compliance with national / international standards wherever applicable.								
4.	Has the policy being approved by the Board ? if yes, has it been signed by MD / owner / CEO / by the appropriate Board Director?	Mandatory policies viz., Code of Business Conduct and Ethics, Whistle Blower Policy, CSR Policy, Code to Regulate, Monitor and Report trading by insiders have been adopted by the board and other operational internal policies have been approved by the management.								
5.	Does the Company have a specified committee of the Board / Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
		The implementation and adherence to the code of conduct for employees is administered by the HR Department. The CSR policy is administered by CSR Committee in line with the requirements of the Companies Act, 2013. The Environmental, Health and Safety (EHS) policy is overseen by Production Engineering and enterprise resource management department.								
6.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Internal policies have been communicated to all stakeholders and the same are available on the Company's intranet.  Mandatory policies are available on the Company's website in the following link <a href="http://www.sundaram-clayton.com/information.htm">www.sundaram-clayton.com/information.htm</a>								
7.	Does the Company have in-house structure to implement the policy / policies.	The Company has established in-house structures to implement these policies								
8.	Does the Company has a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	The whistle blower mechanism provides employees to report any concerns or grievances pertaining to any potential or actual violation of the Company's Code of Conduct, which covers all aspects of Business Responsibility Report  Each of the policies formulated by the Company has an in-built grievance and redressal mechanism.								
9.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The implementation of the Company's Code of Conduct and other policies are reviewed through internal audit function. The Quality, Safety & Health and Environmental policies are subject to internal and external audits as part of certification process and continuous assessments.  All policies adopted by the Company for ensuring the orderly and efficient conduct of business including adherence to Company's policies have been evaluated annually by an independent external agency as part of internal financial control requirement.								

\* The policy is embedded in the Company's Code of Conduct and Quality and Environment policies which *inter alia*, relates to safe and sustainable products.

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2a If answer to Sr. No.1 against any of the Principle is 'No', please explain why: (Tick upto 2 options)

S. No.	Question	Business Ethics	Product Responsibility	Well being of employee	Stakeholders engagement	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principle	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	P7 The Company through various industry forums endeavors to promote growth and technological progress, economic reforms, inclusive development policies and sustainable business principles. Therefore, there is no need for such policy.								

### 3. Governance Related to BR

- (a) Indicate the frequency with which the Board of Directors, Committees of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The CEO and senior management periodically reviews the BR performance of the Company through their monthly Review Meetings. The action points that emerge from the discussions at these meetings are reviewed in subsequent meetings to ensure their closure.

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This BR Report is available as part of the Annual Report. The BR Report is published annually. The same can be viewed at <http://www.sundaram-clayton.com>.

**Section E : Principle-wise Performance**

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**Principle 1: Ethics, Transparency and Accountability**

**1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

Yes. The Company acts with integrity in accordance with its core principles of Trust, Value and Service. SCL has adopted a separate Code of Business Conduct and Ethics (CoBC) which specifically pertains to the Company's Directors and Senior Management one level below the Directors, including all functional heads.

The CoBC is devised to enable the Directors and senior management personnel to strive to perform their duties with highest standards of integrity, accountability, confidentiality and independence. A declaration of the Directors and Senior Management towards annual affirmation to the CoBC is communicated to all stakeholders by the Chairman and Managing Director, through the Annual Report.

SCL has a well-defined Code of Conduct (CoC) for its employees. All employees are provided a hard copy of the CoC during induction / training. The CoC is intended to guide the employees in treatment of one another, as well as their interaction with customers, suppliers, partners, public officials and other stakeholders.

The principles laid down under the CoC are implemented effectively to drive ethical behaviour at all levels. The Company ensures compliance of ethical standards by its vendors and contractors through appropriate clauses in its work contracts to which they are obligated. All suppliers working closely with employees are expected, in their contracts, to understand and comply with this policy.

SCL is committed to transparency in its financial reporting. SCL cooperates fully with its auditors and under no circumstances withholds information from them. A robust system for financial controls and processes is maintained to ensure the accuracy and timeliness of financial reporting.

The CoC is implemented and monitored on a regular basis through several mechanisms:

1. On-going training to employees
2. Whistle Blower policy
3. Prohibition of Insider Trading
4. Policy on Fair disclosure of material information
5. Regular updates to Senior Management

The code of conduct to regulate, monitor and report trading by insiders adopted for regulating, monitoring and reporting Insider Trading by employees and other connected persons.

Whistle Blower Policy provides a mechanism for stakeholders of SCL to report their genuine concerns or grievances concerning violations of any legal or regulatory requirements either under the applicable statutes including instances of unethical behaviour, or suspected fraud or violation of CoC or ethics policy, incorrect or misrepresentation of any financial statements, reports, disclosures etc to the Management.

There are adequate measures taken to ensure safeguards against victimisation of employees who avail whistle blower mechanism. There is also a provision for direct access to the Chairman of the Audit Committee in exceptional cases.

SCL is committed for highly ethical practices in dealing with suppliers, awarding business purely based on merit, strong internal control systems, well defined procedure and approval work flow for source selection and price settlements.

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

During the year under review, the Company has not received any complaints with regard to violation of the Code of Conduct.

**Principle 2: Product Life Cycle Sustainability**

- 1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.**

SCL has installed roof top solar panels to a capacity of 2.2 MW across its Chennai and Hosur plants, capable of producing 33 lakh units per annum. SCL has introduced reclamation of sand used in making sand cores for die cast parts.

The Company is also working to reduce the amount of die spray (release agent) on its pressure die cast dies. This will have a positive impact on fumes produced during evaporation, and also consumption of water used in diluting the liquid spray.

The Company is also enabling development of high efficiency turbochargers with its customers. SCL is developing process technologies that will improve the surface finish of turbocharger parts. This in turn improves the fuel efficiency and reduces emissions from automobiles.

- 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product:**

**(a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

**(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

SCL takes up internal projects to reduce energy consumption per ton of aluminum castings produced.

The Company is also pursuing the TPM process across its plants to reduce waste.

- 3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

The Company works continuously with its vendors to use returnable packaging modes (trolleys and plastic bins) to reduce usage of non-recyclable packaging wherever possible.

The Company also strives to ensure a considerable vendor count for specific commodities in its surrounding areas in order to reduce material movement.

The Company takes initiative every year to select a group of suppliers who are trained for quality up-gradation in their plant. Both in-house and outside faculty is employed to develop suppliers by training.

- 4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company continues to sustain the local vendor base for various commodities, right from raw material to services. Specific initiatives and activities are in place to impart training to small scale suppliers on quality. Periodic audit is also done by the Company at specific local supplier (& small suppliers) end so that the skills required for them to become long-term suppliers are imparted.

In order to ensure that the Company's tier-1 suppliers are developed in accordance to the prevailing standards, the Company encourages them to go in for IATF certification. Support is being done by the Company by way of various audits and other ratings for delivery and quality.

## Sundaram-Clayton Limited

**5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

The material processed by SCL - i.e Aluminum based alloys is 100% recyclable.

Presently rejected aluminum castings (10% of production) are re-melted inside the factory.

Aluminum swarf is sold to external agencies for recycling. Sand (2500 tons / year) used for making cores is recycled. Hazardous waste materials generated by the Company during aluminium casting production are given to authorised vendors either for disposal or recycling.

### **Principle 3: Employee Wellbeing**

SCL is an equal opportunity employer. The Company, since its inception considers employees as a family and practices policies and procedures which promote the welfare of all its employees.

Recruitment process is based on merit.

SCL conducts various programs concerning wellbeing and work life balance of employees. Focused programs are also conducted keeping in view the welfare of women employees.

SCL focuses on skill development of its workforce through regular training. The management ensures continuous skill upgradation and competency development of employees through its structured training and competency development programs.

The Company provides highly subsidized food for all its employees (both regular and contract). It has a medical insurance coverage for employees, dependent children/parents. It has an in-house 24\*7 medical center with qualified medical practitioners.

1	Total number of employees on roll	2,318 as at 31 <sup>st</sup> March, 2019
2	Total number of employees hired on temporary / contractual / casual basis	2,722 as at 31 <sup>st</sup> March, 2019
3	Number of permanent women employees	69 as at 31 <sup>st</sup> March, 2019
4	Number of permanent employees with disabilities	Nil
5	Employee association recognised by management?	<p>The Company has an internal employees union that is recognized by the management.</p> <p>Union elections are held once in 2 years as per the by-laws of the Union.</p> <p>The Company maintains a good and cordial relationship with the Union.</p>
6	Percentage of permanent employees who are members of this recognised employee association?	100% of permanent employees in the workers grade are members of the Union.
7	Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year.	NIL

## *Sundaram-Clayton Limited*

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8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	SCL considers safety to be of paramount importance. All employees are trained and oriented towards safety. SCL also re-trains all its employees on a yearly basis.
	(a) Permanent Employees - 100%	
	(b) Permanent Women Employees - 100%	
	(c) Casual/Temporary/Contractual Employees - 100%	
	(d) Employees with Disabilities- NIL	

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### **Principle 4: Stakeholder Engagement**

#### **1. Has the Company mapped its internal and external stakeholders?**

Yes.

The Company has mapped its internal and external stakeholders in a structured way and carries out engagements with investors, employees, customers, suppliers, the government, regulatory authorities, trade unions and local community. The Company follows a system of timely feedback and response through formal and informal channels of communication to ensure that the stakeholder information remains current and updated.

#### **2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

Yes, the Company has identified marginalized and disadvantaged groups through need assessment in all the villages where it works by engaging with the local communities.

Such marginalized and disadvantaged communities include villages and economically deprived children and women, who are in great need of care and protection.

#### **3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders?**

The Company goes beyond its business activities to create social impact through its diverse initiatives and works towards improving lives of India's marginalized and vulnerable communities.

The Company has taken up initiatives under CSR focusing on key areas of Economic Development, Health, Education, Infrastructure, Environment and Social & Cultural Development.

The Company continuously strives to achieve total inclusiveness by encouraging people from all sections of the community irrespective of caste, creed or religion to benefit from its CSR initiatives which would also be focused around communities that reside in the proximity of the Company's various manufacturing locations in the country.

### **Principle 5: Human rights**

#### **1. Does the policy of the Company on human rights cover only the Company or extend to the Group /Joint Ventures / Suppliers / Contractors / NGOs / Others?**

The Company does not have a stated Human Rights Policy.

The Company has put in place a Code of Conduct which is applicable to all the employees to adhere and uphold the standards contained therein.

#### **2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

During the year under review, the Company has not received any complaint from any stakeholders.



**Principle 6: Environmental**

**1. Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.**

SCL has an environmental policy that applies to the Company only.

**2. Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.? Y / N. If yes, please give hyperlink for webpage etc.**

Yes. SCL is ISO 14001 and OHSAS 18001 certified. The Company's environmental policy focuses on eco friendliness, conservation of resources, water management and prevention of pollution.

Green initiatives include:

- Green belt coverage in all manufacturing plants
- Implementation of gas fired melting furnaces
- Usage of solar power
- Sand recycling and reuse
- Zero discharge effluent treatment plants

**3. Does the Company identify and assess potential environmental risks? Y/N**

Yes. The Company is certified under ISO 14001: 2004 standard and has laid down procedure for risk identification, assessment and mitigation.

**Risk Identification and Assessment**

The identification of risks and opportunities is through a process across all manufacturing and supporting functions. The input for identification of Risks and opportunities are:

- Significant aspects due to Emergency conditions, Legal requirements and Interested Party Concern.
- Internal and External issues.
- Environmental conditions.
- Needs and Expectations of Interested parties.

**Risk Mitigation and Monitoring**

The severity of any particular risk is assessed along with the concerned departments qualitatively and the risk mitigation measures like adopting best available technology, implementation of objectives, improvement of compliance management process, adopting effective engineering controls etc., are proposed and implemented.

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

The details are provided in Point No.2 of Principle 6.

The Company periodically files returns to Pollution Control Board as per legal requirement.

**5. Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

Yes. SCL has installed roof- top solar panels to a capacity of 2.2 MW across its Chennai and Hosur plants, capable of producing 33 lakh units per annum.

Campaigns on saving electricity are made to create awareness among employees about the hurdles in power generation.

## **Sundaram-Clayton Limited**

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Gas-fired furnaces were adopted over conventional oil-fired furnaces in the Oragadam Plant to greatly reduce the environmental impact.

Power consumption is tracked and reviewed on a daily basis.

**6. Are the Emissions / Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

All emissions and waste generated by the Company are within limits defined by Tamil Nadu Pollution Control Board. All statutory requirements are tracked on a monthly basis.

**7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

No show cause notice or legal notices received.

### **Principle 7: Policy Advocacy**

**1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Company is member of:

- Confederation of Indian Industry (CII);
- Federation of Indian Chambers of Commerce and Industry (FICCI);
- Madras Chamber of Commerce and Industry; and
- Automotive Component Manufacturers Association of India (ACMA).

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

Yes. The Company, through various industry associations, participates in advocating matters relating to advancement of the industry and public good.

The Company works closely with leading Industry Associations and Chambers of Commerce at International National, State and Local levels to advocate and pursue various causes that are in larger interests of industry, economy, society and the public. From time-to-time these have been in areas such as economic reforms, corporate governance and transparency, affirmative action, education and skill development, women empowerment.

The Company has a separate wing Srinivasan Services Trust (SST), which

- a) Works with Government education departments and local panchayats to improve education;
- b) Introduces new income generation activities, increase in agriculture and better Livestock management;
- c) Coordinates between local bodies, government and community to maintain a clean environment;
- d) Provides easy access to Primary Healthcare and adoption of proper sanitation, hygiene and nutrition; and
- e) Supports government bodies in developing infrastructure such as roads, drinking water facilities and more.

### **Principle 8: Inclusive Growth**

**1. Does the Company have specified programmes/initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes. Details as given in Annexure - IV of the Company's Annual Report 2018-19.

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**2. Are the programmes / projects undertaken through in- house team / own foundation / external NGO / government structures / any other organization?**

Srinivasan Services Trust (SST), the CSR arm of the Company operates using its in-house team for promoting Education, Economic Development, Health care, Quality Education, Environment and Infrastructure.

**3. Have you done any impact assessment of your initiative?**

Yes. We believe that every activity should result in some impact. We have measurable parameters for all our activities in all the 5 focus areas viz., Economic development, Healthcare, Quality Education, Infrastructure Development and Conservation of Environment. These are constantly checked by our internal audits system. External evaluation is also being done to validate the impact.

**What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**

Project	Amount
Providing free medical care including consultation, diagnosis, comprehensive treatment and follow-up to all patients totally free of charge.	₹ 25 Lakhs <i>(Through Sri Sathya Sai Central Trust)</i>

**4. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

Yes. SST enables communities to take ownership of the development effort. For this their participation is essential. They participate both physically and financially. SST involves the community in all its efforts and makes people reach the desirable levels of economic development, health, education and environment. By making them reach the desirable development status, the community is confident and is ready to take the responsibility and continue with their effort.

**Principle 9: Customer value**

**1. What percentage of customer complaints/consumer cases are pending as at the end of financial year.**

The Company has no pending customer complaints as at the end of the financial year.

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./ Remarks (additional information)**

SCL produces parts to the prints and specifications provided by the customers. The Company displays product information as required by the customers. This is approved by them during the development process.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so**

There have been no cases relating to unfair trade practices, irresponsible advertising and / or anti-competitive behavior against the Company in the last five years.

**4. Did your Company carry out any consumer survey / consumer satisfaction trends?**

The Company conducts an annual Customer Perception Survey (CPS). This is done using an external agency and the feedback report is used for making continuous improvement in the services to meet the customer need.

For and on behalf of the Board of Directors

## 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, Passion for Customers and Exactness.

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 to Regulate, Monitor and Report trading by Insiders for Prevention of Insider Trading by the Directors and Designated Persons and Code of practices for fair disclosure of unpublished price sensitive information.

### 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 2019, the total strength of the Board was twelve. As the Company has an Executive Chairman viz., Mr Venu Srinivasan, Chairman and Managing Director (CMD), the Board is required, in terms of the Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (Listing Regulations), to have half of the Board shall comprise of Independent Directors (IDs) including atleast one Independent Woman Director.

During the year under review, the Board at its meeting held on 24<sup>th</sup> October 2018 has appointed Ms Sasikala Varadachari as an Additional and Non-executive Independent Woman Director of the Company as required under Listing Regulations.

Mr. K Mahesh, Non-Executive Non-Independent Director (NE-NID) of the Company, ceased to be a director with effect from 2<sup>nd</sup> February 2019, due to his sad demise.

Mr Sudarshan Venu relinquished his position as Joint Managing Director of the Company effective 11<sup>th</sup> March 2019 as he would not be able to give sufficient time to manage the day-to-day affairs of the Company. He however, continues to serve as Non-Executive-Non Independent Director (NE-NID) of the Company.

The Board has seven Non-Executive Independent Directors (NE-IDs) viz., M/s Vice Admiral P J Jacob, S Santhanakrishnan,

V Subramanian, R Vijayaraghavan, Kamlesh Gandhi, R Gopalan and Sasikala Varadachari and three NE-NIDs, viz., M/s. Sudarshan Venu, T K Balaji and Gopal Srinivasan. Mr Venu Srinivasan, CMD and Dr. Lakshmi Venu, Joint Managing Director (JMD) are the Executive and Non-Independent Directors. Thus, the composition of the Company's Board is in conformity with Listing Regulations.

As required under Regulation 16 of the Listing Regulations, it is also ensured that IDs do not hold NE-NID position in another company, where any NE-NID of the Company is an ID.

The Company has ensured that necessary approval of the Shareholders by way of special resolution for appointing / re-appointing / continuing to be a director on the board beyond the age of 75 years.

All the existing NE-IDs, not liable to retire by rotation have been appointed by the Shareholders at the Annual General Meeting (AGM) held on 21<sup>st</sup> August 2014 for a term of five years, which would expire by 20<sup>th</sup> August 2019 and Mr R Gopalan, NE-ID who will hold the office till the conclusion of this AGM in 2019 and none of them serves as NE-ID in more than seven listed companies. Based on the performance evaluation by both the Nomination and Remuneration Committee and the Board, M/s Vice Admiral P J Jacob, S Santhanakrishnan, V Subramanian, R Vijayaraghavan, Kamlesh Gandhi and R Gopalan are proposed to be re-appointed at the ensuing AGM for their second term as IDs in terms of Section 149 of the Companies Act, 2013 (the Act 2013).

In accordance with the provisions of the Act, 2013 and the Articles of Association of the Company, since Mr Sudarshan Venu and Mr T K Balaji, Directors, who have been the longest in office, are liable to retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment.

The resolutions seeking approval of the members for the re-appointment of Mr Sudarshan Venu and Mr T K Balaji, as Directors, appointment of Ms Sasikala Varadachari as Non Executive Woman - Independent Director for the first term of five consecutive years, effective 24<sup>th</sup> October 2018 and re-appointment of M/s Vice Admiral P J Jacob, V Subramanian, S Santhanakrishnan, R Vijayaraghavan, Kamlesh Gandhi and R Gopalan as Independent Directors have been included in the Notice of AGM of the Company.

#### 2.2 Board meetings:

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

Board and Committee meetings through video conferencing or other audio visual means were made available to the Directors. For restricted items of businesses, Directors participated through

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VC were permitted in the discussions, wherever necessary quorum was physically present at the meeting.

The Company, regularly places before the Board for its review, all the information as required under Part A of Schedule II to Listing Regulations 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, information on recruitment and remuneration of senior officers one level below the Board, any significant development in Human Resources / Industrial Relations, Show-cause, demand and prosecution notices and penalty notices which are materially important, 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 pre-agenda materials, wherever necessary, are circulated well

in advance to the Committee / Board, to enable them for making value addition as well as exercising their business judgment in the Committee / Board Meetings.

Presentations are also being made by the business heads on the Company's Operations, Marketing Strategy, Risk Management, Internal Financial Control, etc., in Board / Audit Committee Meetings.

The meetings are convened through i-Pads as an eco-friendly measure. All agenda papers for convening meetings of the Board/ Committees are being uploaded in digital mode well in advance.

During the year 2018-19, the Board met five times on 22<sup>nd</sup> May 2018, 8<sup>th</sup> August 2018, 24<sup>th</sup> October 2018, 25<sup>th</sup> January 2019 and 11<sup>th</sup> March 2019 and the gap between two meetings did not exceed 120 days. Besides, the NE-IDs held a separate meeting on 11<sup>th</sup> March 2019 as per the applicable provisions of the Act, 2013 and Regulation 25(3) of the Listing Regulations. All the NE-IDs were present at the meeting.

### 2.3 Attendance and other directorships:

The details of attendance of the Directors at the Board meetings during the year and at the last AGM held on 20<sup>th</sup> August 2018 and other directorships and committee memberships / chairmanships as on 31<sup>st</sup> March 2019 are as follows:

Name of the Director (M/s.)	DIN	Category	Attendance particulars		Number of other directorships, committee memberships / chairmanships		
			Board meeting	Last AGM	Other directorships*	Committee memberships**	Committee chairmanships
Venu Srinivasan	00051523	CMD	4	Yes	17	3	–
Dr. Lakshmi Venu	02072020	JMD	5	Yes	8	–	–
Sudarshan Venu	03601690	NE–NID	4	Yes	4	1	–
Gopal Srinivasan	00177699	NE–NID	2	Yes	19	2	–
T K Balaji	00002010	NE–NID	2	Yes	13	2	–
Vice Admiral P J Jacob (Retd.)	00173785	NE–ID	5	Yes	1	–	–
V Subramanian	00357727	NE–ID	5	Yes	12	7	1
S Santhanakrishnan	00005069	NE–ID	5	Yes	3	3	–
R Vijayaraghavan	00026763	NE–ID	5	Yes	7	8	5
Kamlesh Gandhi	00004969	NE–ID	4	Yes	4	3	3
R Gopalan	01624555	NE–ID	5	Yes	4	–	–
Sasikala Varadachari §	07132398	NE–ID	3	N.A.	6	2	–

CMD : Chairman and Managing Director

JMD : Joint Managing Director

NE-NID: Non Executive - Non-Independent director

NE-ID : Non Executive - Independent director

\* includes private companies and companies incorporated outside India.

\*\* includes committees where the director holds the position of chairman.

§ appointed w.e.f. 24<sup>th</sup> October, 2018

None of the Directors on the Board is a member of more than ten Committees or Chairman of more than five Committees across all the companies in which they are Directors. Chairmanships / Memberships of Committees include only Audit and Stakeholders' Relationship Committee as covered under Regulation 26 of the Listing Regulations, as per the disclosures made by the Directors. CMD, JMD, Mr Sudarshan Venu are related to each other and CMD and Mr Gopal Srinivasan are related to each other. None of the other Directors is related to any other Director on the Board.

### 2.4 Listed entities in which the directors hold position as director other than Sundaram-Clayton Limited and category of Directorship as on 31<sup>st</sup> March 2019. :

Name of the Director (M/s.)	Name of the company	Category of Directorship
Venu Srinivasan	TVS Motor Company Limited	Chairman and Managing Director
	Cummins India Limited	Non-Executive - Independent Director
	The Indian Hotels Company Limited	

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Name of the Director (M/s.)	Name of the company	Category of Directorship
Dr. Lakshmi Venu	TVS Motor Company Limited	Non-Executive Non Independent Director
	Wabco India Limited	Non-Executive - Independent Director
Sudarshan Venu	TVS Motor Company Limited	Joint Managing Director
Gopal Srinivasan	TVS Electronics Limited	Chairman
	Wonderla Holidays Limited	Non-Executive - Independent Director
	Indian Energy Exchange Limited	Non-Executive - Non Independent Director
T K Balaji	Indian Nippon Electricals Limited	Chairman
	Titan Company Limited	Non-Executive - Independent Director
Vice Admiral P J Jacob (Retd.)	–	–
V Subramanian	Suzlon Energy Limited	Non-Executive - Independent Director
	Adani Enterprises Limited	
S Santhanakrishnan	–	–
R Vijayaraghavan	India Nippon Electricals Limited	Non-Executive - Independent Director
	Sanco Trans Limited	
	Bimetal Bearings Limited	
Kamlesh Gandhi	Bhagyanagar India Limited	Non-Executive - Independent Director
	Kirloskar Electric Company Limited	
	NCL Industries Limited	
R Gopalan	–	–
Sasikala Varadachari	Harita Seating Systems Limited	Non-Executive - Independent Director

None of the non-executive directors holds directorships in more than eight listed entities and serves as an Independent director in more than seven listed entities. As far as, managing director / whole time director in the Company are concerned, they do not serve as an independent director in more than three listed entities.

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

The Board reviews all the information provided periodically for discussion and consideration at its meetings in terms of the Listing Regulations. Functional heads are present whenever necessary and apprise all the Directors about the developments. They also make presentations to the Board and Audit Committee of Directors.

Apart from this, the observations on the 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 President & Chief Executive Officer (CEO) and the Company Secretary regarding compliance of all applicable laws on 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 was placed at every succeeding meeting of the Board / Committee for reporting the compliance.

### 2.6 Familiarization programme

Familiarization program is made available to Directors covering such topics as the Board's role, Board's composition and conduct, Board's risks and responsibilities to ensure that they are fully informed on current governance issues.

The program also includes briefings on the culture, values and business model of the Company, the roles and responsibilities of senior executives and the Company's financial, strategic, operational and risk management position. The induction process for NE-IDs include plant visit for detailed understanding of manufacturing process / activities of the Company. The details of familiarization program are available on the Company's website with the following link:

<http://www.sundaram-clayton.com/Investor/Familiarisation-Program.pdf>

### 2.7 Chart setting out the skills/expertise/competence of the Board of Directors:

While evaluating the Board as a whole, it was ensured that the existing board members have relevant core skills/expertise/competencies as required in the context of its business (es) and sector(s) to function effectively.

Skill	Description
Leadership/ Strategy	Experience of playing leadership roles in large businesses with competencies around strategy development & implementation, sales & marketing, business administration / operations and Organisations and people management.
Automotive/ Engineering Experience	Strong knowledge and experience in automotive industry and foundry and in managing business operations of a sizeable organization in the business of manufacture and sale of automobiles.

Skill	Description
Financial	Practical knowledge and experience in Corporate Finance, accounting and reporting and internal financial controls, including strong ability to assess financial impact of decision making and ensure profitable and sustainable growth.
Governance	Board level experience in reputed Organisations, with strong understanding of and experience in directing the management in the best interests of the Company and its stakeholders and in upholding high standards of governance.
Regulatory	Strong expertise and experience in corporate law and regulatory compliance in India and overseas (including industry specific laws)..

**2.8 Code of Business Conduct and Ethics for Members of the Board and Senior Management Personnel (SMP):**

The Company has in place the Code of Business Conduct and Ethics for Members of the Board and SMP (the Code) approved by the Board.

The Code has been communicated to Directors and SMP. The Code has also been displayed on the Company's website in the following link:

<http://www.sundaram-clayton.com/Investor/Code-of-Conduct.pdf>

All the Members of the Board and SMP have confirmed compliance with the Code for the year ended 31<sup>st</sup> March 2019. The Annual Report contains a declaration to this effect signed by CMD.

**2.9. Appointment / Re-appointment of Directors:**

In terms of Regulation 36(3) of the Listing Regulations, a brief resume of director proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, other directorships and committee memberships, shareholdings and relationships, if any, with other Directors are provided in the Notice convening AGM of the Company and Postal Ballot.

**2.10. Committees of the Board:**

The Board has, in order to make a focused attention on business and for better governance and accountability, constituted the following mandatory committees viz., Audit Committee, Risk Management Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and non-mandatory Committee, viz., Administrative Committee. The terms of reference of these Committees are determined by the Board and their performance reviewed. Meetings of each of these Committees are convened by the respective Chairman of the Committee, who also informs the Board about the summary of discussions held in the Committee Meetings. The minutes of the Committee Meetings are placed before the subsequent Board meetings.

**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 disclosure 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 its financial information to ensure that the financial statement is correct, sufficient and credible;
- b. Recommending the appointment, remuneration and terms of appointment of auditors of the Company;
- c. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement in terms of clause (c) of sub-section 3 of Section 134 of the Act, 2013;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Modified opinions, if any, in the draft audit report.
- d. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- e. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- f. Approving or subsequently modifying any transactions of the Company with related parties;
- g. Scrutinizing the inter-corporate loans and investments;
- h. Reviewing the valuation of undertakings or assets of the Company, wherever it is necessary;
- i. Evaluating internal financial controls and risk management systems;
- j. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- k. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- l. Discussing with internal auditors of any significant findings and follow up thereon;
- m. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or any failure of internal control systems of a material nature and reporting the matter to the Board;

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- n. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- o. Looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- p. Reviewing the functioning of the Whistle Blower mechanism;
- q. Approving the appointment of CFO after assessing the qualifications, experience and background of the candidate;and
- r. reviewing the utilisation of loans and / or advances from / investments / by the holding company in the subsidiary exceeding ₹ 100 Cr or 10% of the asset size of the subsidiary, whichever is lower.

In addition, reviewing of such other functions as envisaged under Section 177 of the Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 as amended and Regulation 18 of the Listing Regulations.

The subjects reviewed and recommended in the meetings of the Audit Committee were apprised to the Board by the Chairman of the Committee, for its approval. All the recommendations made by the Committee during the year under review, were accepted by the Board.

### 3.2. Composition, name of members and the Chairman:

As at 31<sup>st</sup> March 2019, the Committee consists of the following NEIDs viz., M/s Vice Admiral P J Jacob (Retd.), V Subramanian, S Santhanakrishnan and R Gopalan and NENID viz., Mr T K Balaji.

The composition of the Committee is in accordance with the requirements of Regulation 18 of the Listing Regulations read with Section 177 of the Act, 2013. Vice Admiral P J Jacob (Retd.), is the Chairman and Mr R Raja Prakash, Company Secretary is the secretary of the Committee.

Chairman of the Committee was present at the last AGM held on 20<sup>th</sup> August 2018.

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

Date of the meeting	Members present (M/s.)
21.05.2018	Vice Admiral P J Jacob (Retd), V Subramanian and S Santhanakrishnan
08.08.2018	Vice Admiral P J Jacob (Retd), V Subramanian, S Santhanakrishnan and R Gopalan
24.10.2018	Vice Admiral P J Jacob (Retd), T K Balaji, V Subramanian, S Santhanakrishnan and R Gopalan
25.01.2019	Vice Admiral P J Jacob (Retd), V Subramanian, S Santhanakrishnan and R Gopalan

## 4. Subsidiary Companies

The Company has two direct subsidiaries viz., TVS Motor Company Limited, Listed Company (TVSM) and Sundaram-Clayton (USA)

Limited, USA, unlisted overseas company. The other indirect Indian Unlisted subsidiaries of the Company are Sundaram Auto Components Limited, TVS Housing Limited, TVS Motor Services Limited, TVS Credit Services Limited and its subsidiaries viz., TVS Two- wheeler Mall Private Limited, TVS Micro Finance Private Limited, Harita ARC Private Limited, Harita Collection Services Private Limited, TVS Commodity Financial Solutions Private Limited and TVS Housing Finance Private Limited.

The other direct Foreign subsidiaries are PT. TVS Motor Company Indonesia, TVS Motor Company (Europe) B.V, TVS Motor (Singapore) Pte. Limited, Sundaram Holding USA Inc. and its four subsidiaries viz., Green Hills Land Holding LLC, Components Equipment Leasing LLC, Sundaram-Clayton (USA) LLC and Premier Land Holding LLC.

Since all the above indirect subsidiaries are subsidiaries of TVSM, being the listed subsidiary, the Audit Committee of TVSM reviews the financial statements and in particular the investments made by the said unlisted subsidiaries in compliance with the Regulation 24(7) of the Listing Regulations. The minutes of the Board meetings of the said unlisted subsidiaries are periodically placed before the Board of TVSM.

The Board is periodically informed about all significant transactions and arrangements entered into by the other overseas direct subsidiary.

### 4.1. Material Subsidiaries Policy:

The Board has duly formulated a policy for determining 'material subsidiaries'. The Board at its meeting held on 2<sup>nd</sup> May 2019 redefined the term "material subsidiary" in line with the amended Listing Regulations and thereby material subsidiary would mean a subsidiary whose income or net worth exceeds 10% (from the current 20%) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Since, TVSM, the Company's Listed subsidiary has complied with the requirements laid down under the Listing Regulations for material subsidiaries, the Company has fully complied with the provisions of this regulation. Copy of the said policy is available on the Company's website in the following link:

<http://www.sundaram-clayton.com/Investor/Material-Subsidiary-Policy.pdf>

## 5. Disclosures

### 5.1. Materially significant related party transactions:

All transactions entered into with related parties (RPTs), as defined under the Act, 2013 and the Listing Regulations during the financial year 2018-19 were in the ordinary course of business and at an arm's length and do not attract the provisions of Section 188 of the Act, 2013 and the rules made thereunder.

There were no materially significant transactions with the related parties during the year, which were in conflict with the interests, and hence no approval of the Company was required in terms of the Listing Regulations.

The transactions with the related parties, namely its promoters, holding, subsidiary and associate companies etc., of routine nature have been reported in the Annual Report, as per Indian Accounting Standard 24 (IND AS 24) notified vide the Companies (Indian Accounting Standard) Rules, 2015. Details of related party transactions are enclosed as part of accounts for the year ended 31<sup>st</sup> March 2019.



### 5.2. Related Party Transactions Policy:

The Board has formulated a policy on related party transactions. The Audit Committee reviews and approves transactions (RPTs) between the Company and related parties, as defined under the Listing Regulations, to ensure that the terms of such RPTs would reasonably be expected of transactions negotiated on at arm's length and in the ordinary course of business. The Audit Committee meets prior to each scheduled Board meeting to review all RPTs of the Company on a quarterly basis.

In terms of Regulation 23 of the Listing Regulations, all RPTs for the succeeding financial year, with clear threshold limit, are regularly placed before the Audit Committee meeting convened on last quarter of the financial year for its approval and recommendation to the Board for its approval, wherever required. RPTs entered during the financial year are reviewed at meeting for any upward revision in the threshold limit.

It is also ensured that none of RPTs involving payments with respect to brand usage or royalty during the financial year, exceed two percent of the annual consolidated turnover of the Company as per the previous audited financial statements of the Company.

As per the amended Companies Act, 2013, any unforeseen RPT involving amount not exceeding ₹1 Cr per transaction is entered into by a director or officer of the Company without obtaining prior approval of the Audit Committee and such RPTs can be ratified by the Audit Committee within three months from the date of such transaction.

Copy of the said policy is available on the Company's website in the following link:

<http://www.sundaram-clayton.com/Investor/RPT-Policy.pdf>

### 5.3. Disclosure of accounting treatment:

Pursuant to the notification, issued by the Ministry of Corporate Affairs dated 16<sup>th</sup> February 2015 relating to the Companies (Indian Accounting Standard) Rules, 2015, as amended from time-to-time, the Company has adopted "IND AS" with effect from 1<sup>st</sup> April 2016. Accordingly, the financial statements for the year 2018-19 have been prepared in compliance with the said Rules.

### 5.4. Risk Management:

The Company has an established Risk Management Policy which formalizes its approach to the oversight and management of material business risks. The policy is implemented through a top down and bottom up approach for identifying, assessing, monitoring and managing key risks across the Company's business units.

Risks and effectiveness of management are internally reviewed and reported regularly to the Board. As a process, the risks associated with the business are identified and prioritized based on severity, likelihood and effectiveness of current detection. Such risks are reviewed by the Management on quarterly basis. Process owners are identified for each risk and metrics are developed for monitoring and reviewing the risk mitigation.

The board is satisfied that there are adequate systems and procedures in place to identify, assess, monitor and manage risks. The Audit Committee reviews the reports given by members of the management team and recommends suitable action.

### Risk Management Committee

As on 31<sup>st</sup> March 2019, the Committee consists of the following directors / officials viz., Vice Admiral P J Jacob, Mr R Gopalan, Directors, Dr Lakshmi Venu, Joint Managing Director and Mr C Narasimhan, Advisor.

The composition of the Committee is in accordance with the requirements of the Regulation 21 of Listing Regulations. Vice Admiral P J Jacob, is the Chairman and Mr R Raja Prakash, Company Secretary acts as the Secretary of the Committee.

As required under the Listing Regulations, the Committee met on 24<sup>th</sup> October 2018 and all the members attended the meeting. The board at its meeting held on 2<sup>nd</sup> May 2019 reconstituted the Committee by appointing Mr K Gopala Desikan, Chief Financial Officer as additional member of the Committee.

Scope:

- Overseeing and approving the Company's enterprise wide risk management framework;
- Overseeing / identifying / assessing of all risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational; and
- Evaluating that adequate risk management infrastructure is in place and capable of addressing those risks.

Role:

- To identify, evaluate and mitigate the existing as well as potential risks to the Company and to recommend the strategies to the Board to overcome them;
- To develop and implement action plans to mitigate the risks;
- To oversee at such intervals as may be necessary, the adequacy of Company's resources to perform its risk management responsibilities and achieve its objectives;
- To review the risk management framework for the operations of the Company that are deemed necessary and Company's performance against the identified risks of the Company;
- To formulate the strategies towards identifying any areas that may materially affect the Company's overall risk exposure and to review the Risk Management Plan;
- To adequately transmit necessary information with respect to material risks to Senior Executives / Board / relevant Committees;
- To check if Cyber security cover has been adopted by Information systems department; and
- Such other items as may be prescribed by the regulatory or by the Board, from time to time.

### 5.5. Instances of non-compliances, if any:

There were no instances of non-compliance by the Company or penalty and stricture 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.

### 5.6. Disclosure by Senior Management Personnel (SMP):

SMP have made disclosures to the Board relating to all material, financial and other transactions stating that they did not have personal interest that could result in a conflict with the interest of the Company at large.

### 5.7. CEO and CFO Certification:

The Chairman and Managing Director and Chief Financial Officer of the Company have certified to the Board on financial and other matters in accordance with Regulation 33 of the Listing Regulations for the financial year ended 31<sup>st</sup> March 2019.

### 5.8. Compliance with mandatory / non-mandatory requirements:

The Company has complied with all applicable mandatory requirements in terms of the Listing Regulations. 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.

### 5.9. Code of Conduct for Prevention of Insider Trading:

In compliance with the amended SEBI (Prohibition of Insider Trading) Regulations 2015 as amended, the Company has a comprehensive Code of conduct for prevention of insider trading and the same is being strictly adhered by the Designated persons as defined under this Code.

In terms of amended SEBI (Prohibition of Insider Trading) Regulations, 2015, the board at its meeting held on 2<sup>nd</sup> May 2019 approved a policy for the determination of legitimate purposes for which disclosure of unpublished price sensitive information (UPSI) is permissible in the ordinary course of business and maintaining Structured Digital Database of Designated persons (DP) for enhanced accountability and control mechanisms for preventing insider trading.

The Company has amended its Code of Practices and Procedures for fair disclosure of UPSI and a Code of Conduct to regulate, monitor and report trading by insiders at its meeting held on 2<sup>nd</sup> May 2019, in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations 2015, vide its Notification dated 31<sup>st</sup> December 2018.

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.

The Company follows closure of trading window from the end of every quarter till 48 hours after the declaration of financial results. The Company has been advising the Designated Persons covered by the Code not to trade in Company's securities during the closure of trading window period.

### 5.10. Management Discussion and Analysis Report, Familiarization Programme and Whistle Blower Policy:

All the above Report / Policies form part of the Directors' Report.

### 5.11. Amendment to Whistle Blower Policy.

The Company at its meeting held on 2<sup>nd</sup> May, 2019 amended the Whistle Blower Policy to enable the employees to report instances of leak or suspected leak of UPSI immediately to the Compliance officer or Chairman of the Audit Committee.

Upon receipt of complaint relating to such leakage/suspected leakage of UPSI, the same would be investigated in accordance with the procedure as detailed in the Company's Code of conduct under Insider Trading Regulations.

Copy of the said Policy is available on the Company's website in the following link:

<http://www.sundaram-clayton.com/Investor/Whistle-Blower-Policy.pdf>

## 6. Nomination and Remuneration Committee (NRC)

### 6.1. Composition of the Committee:

As at 31<sup>st</sup> March 2019, NRC consists of M/s Vice Admiral P J Jacob (Retd), R Vijayaraghavan and V Subramanian, NE-IDs. Vice Admiral P J Jacob (Retd.) is the Chairman of the Committee and Mr R Raja Prakash is the secretary of the Committee.

All the members were present at the meetings held on 21<sup>st</sup> May 2018 8<sup>th</sup> August 2018, 24<sup>th</sup> October 2018, 25<sup>th</sup> January 2019 and 11<sup>th</sup> March 2019.

Vice Admiral P J Jacob (Retd.), Chairman of the Committee was present at the last AGM held on 20<sup>th</sup> August 2018 to answer the shareholders queries.

### 6.2. The broad terms of reference of the NRC are as under:

- Guiding the Board for laying down the terms and conditions in relation to appointment and removal of Director(s), Key Managerial Personnel (KMPs) and Senior Management Personnel (SMP) of the Company.
- Evaluating the performance of the Director(s) and providing necessary report to the Board for its further evaluation and consideration.
- Recommending to the Board on remuneration payable to the Director(s), KMP and SMP of the Company based on (i) the Company's structure and financial performance and (ii) remuneration trends and practices that prevail in peer companies across automobile industry.
- Retaining, motivating and promoting talent amongst the employees and ensuring long term sustainability of talented SMP by creation of competitive advantage through a structured talent review.

### 6.3. The role / scope of NRC is as follows:

- To make recommendations to the Board with respect to incentive compensation plans for Executive Director(s) and remuneration of Non-Executive Director(s) of the Company.
- To identify persons who are qualified to become Director(s)/ KMP and SMP of the Company.
- To recommend to the board for the appointment / removal of Director(s), KMP and SMP of the Company.
- To formulate criteria for determining qualification, positive attributes and independence of a Director of the Company.
- To recommend to the Board a Policy for remuneration of Director(s), KMP and SMP of the Company.

#### 6.4. Evaluation Criteria

The NRC lays down the criteria for evaluating the performance of every Director, Committees of the Board and the Board as a whole.

The performance evaluation of the Board as a whole was assessed based on the criteria, like its composition, size, mix of skills and experience, its meeting sequence, effectiveness of discussion, decision making, follow up action, quality of information, governance issues and the performance and reporting by various Committees set up by the Board.

NRC 'prescribed a peer evaluation methodology by way of set of questionnaire to evaluate the performance of individual Directors, Committee(s) of the Board, Chairman and the Board as a whole', and the Board carried out the performance evaluation as per the methodology.

The performance evaluation of individual Director was carried out based on his / her commitment to the role and fiduciary responsibilities as a board member, attendance and active participation, strategic and lateral thinking, contribution and recommendations given professionally, heading / acting as Member of various Committees etc.

The performance of SMP was measured against their achievement of the business plans approved by the Board during and at the completion of the financial year and their annual 'at-risk' remuneration which reflects their business plan achievements. An evaluation of performance has been undertaken based on the criteria for all SMP for 2018-19 and this has been in accordance with the above process.

NRC has the overall responsibility for evaluating and approving the compensation plans, policies and programmes applicable to the SMP. NRC also delegates its authority to CMD, wherever appropriate, for this purpose.

#### 6.5. Remuneration Policy

The Nomination and Remuneration Policy has been placed on the website of the Company in the following link:  
<http://www.sundaram-clayton.com/Investor/NR-Policy.pdf>

The salient features of the policy are as follows:

NRC formulates policies to ensure that-

- the level and composition of remuneration are reasonable and sufficient to attract, retain and motivate Director(s) of the quality required to run the Company successfully;
- the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- the remuneration to Director(s), KMP and SMP of the Company involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

#### 6.6. Remuneration to Directors:

Executive Director(s)

The remuneration payable to the CMD and JMDs is fixed by the Board and are within the limits approved by the

Shareholders in terms of the relevant provisions of the Act, 2013.

(₹ in lakhs)

Name of the Directors	Salary	Perquisites	Contribution to PF & Other Funds	Commission	Total
Mr Venu Srinivasan, CMD	51.00	29.62	8.67	-	89.29
Dr. Lakshmi Venu, JMD	90.00	71.24	15.30	450.00	626.54
Mr Sudarshan Venu *	22.42	-	-	-	22.42

\* as JMD upto 10<sup>th</sup> March 2019

There is no separate provision for payment of severance fees. The notice period is mutually agreed between these Directors and the Board. The tenure of office of Executive Directors is for five years from their respective dates of appointment.

The above remuneration to Mr Venu Srinivasan, CMD is notwithstanding his holding similar position in the subsidiary Company, viz., TVS Motor Company Limited (TVSM) and drawing remuneration, as approved by its shareholders, from time to time, provided that the total remuneration drawn by him as CMD from the Company and TVSM does not exceed the higher maximum limit admissible, from any one of these two companies.

The above remuneration to Dr. Lakshmi Venu, JMD is notwithstanding her holding position of Deputy Managing Director (DMD) in TAFE Motors and Tractors Limited (TMTL), as approved by its shareholders, from time to time, provided that the total remuneration drawn by her as JMD and DMD from the Company and TMTL does not exceed the higher maximum limit admissible, from any one of these two companies.

The above remuneration to Mr Sudarshan Venu till 10<sup>th</sup> March 2019, is notwithstanding his holding similar position in the subsidiary Company, viz., TVSM and drawing remuneration, as approved by its shareholders, from time to time, provided that the total remuneration drawn by him from the Company and TVSM does not exceed the higher maximum limit admissible, from any one of these two companies.

Non- Executive / Independent Director(s)

Sitting fees

₹ 10,000/- 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, 2013.

Commission

The Company benefits from the expertise, advice and inputs provided by IDs. IDs devote their valuable time in deliberating on strategic and critical issues in the course of Board and Committee meetings of the Company and give their valuable advice, suggestions and guidance to the management of the Company, from time to time and hence, IDs are being paid by way of sitting fees and commission.

As approved by the Shareholders through Postal Ballot dated 21<sup>st</sup> June, 2016, Non-Executive and Independent Directors will be 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 commencing from 1<sup>st</sup> April, 2016. A commission of

## Sundaram-Clayton Limited

₹ 12 lakhs was paid to each such IDs, who serve as members of any one of the Committees of the Company as well and ₹ 9 lakhs to other IDs for the year 2018-19. The amount of commission for every financial year will be decided by the Board, as approved by the shareholders at AGM held on 21<sup>st</sup> June 2016, subject to the limit of 1% of net profits of the Company, in aggregate, as calculated pursuant to Section 198 of the Act, 2013. The above compensation structure is commensurate with the best practices in terms of remunerating NE-IDs and it adequately compensates for the time and contribution made by NE-IDs.

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

6.7. Particulars of sitting fees / commission paid to the Non-Executive and Independent / Non-Independent Directors during the financial year 2018-19 are as follows:

(in ₹)

Name of the Directors (M/s.)	Sitting fees	Commission	Total
Gopal Srinivasan	50,000	-	50,000
T K Balaji	70,000	-	70,000
K Mahesh §	10,000	-	10,000
Vice Admiral P J Jacob (Retd.)	1,70,000	12,00,000	13,70,000
V Subramanian	1,50,000	12,00,000	13,50,000
S Santhanakrishnan	1,40,000	12,00,000	13,40,000
R Vijayaraghavan	1,50,000	12,00,000	13,50,000
Kamlesh Gandhi	50,000	9,00,000	9,50,000
R Gopalan	1,00,000	12,00,000	13,00,000
Sasikala Varadachari *	40,000	3,92,000	4,32,000
<b>Total</b>	<b>9,30,000</b>	<b>72,92,000</b>	<b>82,22,000</b>

\* Part of the period from 24<sup>th</sup> October 2018 to 31<sup>st</sup> March 2019.

§ part of period during 2018-19.

In accordance with the amended Listing Regulations, it has also been ensured that the remuneration payable to one non-executive director does not exceed 50% of the total annual remuneration payable to all non-executive directors of the Company.

6.8. Details of shareholdings of Non-Executive Directors in the Company as on 31<sup>st</sup> March 2019:

None of the non-executive directors hold shares in the Company except Mr Gopal Srinivasan who holds 66 shares of the Company and is related to Mr Venu Srinivasan, Chairman and Managing Director in terms of Section 2(77) of the Act, 2013.

There are no other pecuniary relationships or transactions of the Non-Executive Directors' vis-a-vis of the Company.

### 7. Stakeholders' Relationship Committee (SRC)

7.1. The SRC consists of three Members viz., M/s. S Santhanakrishnan and R Vijayaraghavan, NE-IDs and Dr. Lakshmi Venu, Executive and Non-Independent Director. Mr S Santhanakrishnan, is the Chairman of the Committee and was present at AGM held on 20<sup>th</sup> August 2018 to answer shareholders' queries.

7.2. As required by the Listing Regulations, Mr R Raja Prakash, Company Secretary is the Compliance Officer of the Company,

who oversees the redressal of investor grievances. For any clarification / complaint, the Shareholders may contact the Company Secretary.

7.3. The meetings of the Committee were held on 22.05.2018, 08.08.2018, 24.10.2018 and 25.01.2019. All the members of the Committee attended the meetings held during the year.

7.4. The Board at its meeting held on 30<sup>th</sup> April 2019 empowered the SRC to oversee / review additional duties as per the amended the Listing Regulations. Accordingly, SRC oversees and reviews all the matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. SRC also looks into various aspects of interests:

- The transfer / transmission of shares, non-receipt of Annual Report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

The Company, in order to expedite the process of share transfers, delegated the power of share transfers to an officer of the in house Share Transfer Department. The Company, as a matter of policy, disposes of investors' complaints within a span of seven days.

7.5. Complaints received and redressed during the year 2018-19:

S.No.	Nature of complaints	No. of complaints
1.	Non receipt of dividend warrants	2
2.	Non-receipt of share certificates	1
3.	Rejection of Demat request	1
	<b>Total</b>	<b>4</b>

7.6. All the queries and complaints received during the financial year ended 31<sup>st</sup> March 2019, were duly redressed and no queries were pending at the year end.

All requests for dematerialization of shares were carried out within the stipulated time period and no request for dematerializing the share certificates were pending as on 31<sup>st</sup> March 2019.

7.7. Reconciliation of Share Capital Audit:

A Practising Company Secretary carries out a Reconciliation of Share Capital (RSC) Audit on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The report is being regularly placed before the Board for its perusal on a quarterly basis.

The RSC audit reports confirmed that the total issued and listed capital was in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

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### 8. Corporate Social Responsibility Committee (CSR)

The CSR Committee consists of three Directors viz., M/s Venu Srinivasan, Dr. Lakshmi Venu and Vice Admiral P J Jacob. Mr Venu Srinivasan is the Chairman of the Committee.

The details of CSR Policy, initiatives and spending are spelt out in the Directors Report. During the year, the Committee met on 22<sup>nd</sup> May 2018 and all the members were present at the meeting.

### 9. Administrative Committee

The Administrative Committee consist of three Directors viz., M/s Venu Srinivasan, Gopal Srinivasan and T K Balaji. Mr Venu Srinivasan is the Chairman of the Committee.

The particulars of meetings and attendance by the Members of the Committee, during the year under review, are given in the table below:

Date of the meeting	Members present (M/s.)
19.05.2018	Venu Srinivasan and T K Balaji
30.08.2018	Venu Srinivasan, Gopal Srinivasan and T K Balaji
27.11.2018	Venu Srinivasan, Gopal Srinivasan and T K Balaji
04.01.2019	Venu Srinivasan and T K Balaji
11.02.2019	Venu Srinivasan and Gopal Srinivasan

### 10. General body meeting

10.1 Location and time where the AGMs were held during the last three years:

Year	Location	Date	Time
2015-16	The Music Academy, New No.168 (Old No. 306) TTK Road, Royapettah, Chennai - 600 014	02.09.2016	10.00 A.M.
2016-17		19.07.2017	10.00 A.M.
2017-18		20.08.2018	10.25 A.M.

10.2 Special resolutions passed in the previous three AGMs:

During the last three years, namely 2015-16 to 2017-18, approvals of the shareholders were obtained by passing special resolutions as follows:

Year	Subject matter of the special resolution	Date of AGM
2015-16	Nil	02.09.2016
2016-17	Nil	19.07.2017
2017-18	Appointment of Mr K Mahesh as a Non-Executive Director of the Company	20.08.2018

10.3 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 11<sup>th</sup> March 2019, for approving the re-appointment of Mr Venu Srinivasan as Chairman and Managing Director for a further period of five years from 23<sup>rd</sup> May 2019.

The special resolution was passed by the Shareholders of the Company with requisite majority.

The results of the Postal Ballot are given below:

Particulars	No. / % of votes cast in favour		No. / % of votes cast against	
	Approving the re-appointment of Mr Venu Srinivasan as Chairman and Managing Director for a further period of five years from 23 <sup>rd</sup> May 2019	1,79,96,773	99.99	1,079

10.4 Person who conducted the Postal Ballot exercise

B Chandra & Associates, Practising Company Secretaries were appointed to act as the scrutinizers for conducting the Postal Ballot and e-Voting.

10.5 Procedure for Postal Ballot

- The Board of Directors, vide resolution dated 11<sup>th</sup> March 2019, had appointed B Chandra & Associates, Practising Company Secretaries as the scrutinizer.
- The dispatch of the Postal Ballot Notice dated 11<sup>th</sup> March 2019 together with Explanatory Statement was completed on 22<sup>nd</sup> March 2019 along with forms and postage prepaid business envelopes to all the shareholders whose name(s) appeared on the Register of Members / list of beneficiaries as on 15<sup>th</sup> March 2019.
- The said Notice of Postal Ballot has been sent on 22<sup>nd</sup> March 2019 in electronic mode to the Members, whose e-mail IDs were registered with the Company or the Depository Participants.
- The voting under the Postal Ballot was kept open from Monday, 25<sup>th</sup> March 2019 at 9.00 A.M. (IST) to Tuesday, 23<sup>rd</sup> April 2019 at 5.00 P.M. (IST). (Either physically or electronic mode).
- Particulars of Postal Ballot forms received from the members using the electronic platform of NSDL were entered in a register separately maintained for the purpose.
- The Postal Ballot forms were kept under the safe custody of the Scrutinizer in sealed and tamper proof ballot boxes before commencing the scrutiny of such Postal Ballot forms.
- All Postal Ballot forms received by the scrutinizer upto 5.00 p.m. on 23<sup>rd</sup> April, 2019 had been considered for scrutiny.

10.6 None of the subjects placed before the shareholders in the last / ensuing AGM required / requires approval by Postal Ballot. However, in terms of the Regulation 44 of Listing Regulations and Section 108 of the Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company facilitated its members to exercise their right to vote through remote e-Voting and through Ballot Paper at the meeting for all the items at the AGM held on 20<sup>th</sup> August 2018.

### 11. 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 results announcement, annual report, media

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releases, the Company's website and specific communications to Stock Exchanges, where the Company's shares are listed.

### 11.1 Quarterly results:

The unaudited quarterly financial results of the Company were published in English and regional newspapers.

### 11.2 Newspapers wherein results are normally published:

The results are normally published in English Newspapers viz., The Hindu, Business Line, Economic Times and Regional Newspaper viz., Dinamani and Makkal Kural.

### 11.3 Website:

The Company has in place a website addressed as [www.sundaram-clayton.com](http://www.sundaram-clayton.com). This website contains the basic information about the Company, viz., 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 Regulation 46 of the Listing Regulations. The Company ensures that the contents of this website are periodically updated.

### 11.4 Press Release & Investor / Analysts meet:

In addition, the Company makes use of this website for publishing official news release and presentations, if any, made to institutional investors / analysts.

## 12. General shareholder information

### 12.1 Annual General Meeting:

Day, Date and time	: Tuesday, 23 <sup>rd</sup> July 2019, 10.35 A.M.
Venue	: The Music Academy, New No.168 (Old No. 306), T.T.K. Road, Royapettah, Chennai 600 014.

### 12.2 Financial year

Financial year	: 1 <sup>st</sup> April to 31 <sup>st</sup> March
Financial calendar	: 2019-20
Financial reporting for the quarter ending:	
30 <sup>th</sup> June 2019	: On or before 14 <sup>th</sup> August, 2019
30 <sup>th</sup> September 2019	: On or before 14 <sup>th</sup> November, 2019
31 <sup>st</sup> December 2019	: On or before 14 <sup>th</sup> February 2020
31 <sup>st</sup> March 2020	: On or before 30 <sup>th</sup> May, 2020

### 12.3 Particulars of dividend payment:

Particulars of dividend declaration / payment are disclosed in the Directors' Report. Dividends were declared in compliance with the Dividend Distribution Policy of the Company.

### Dividend distribution policy

SEBI vide its circular No. SEBI/ LAD-NRO/ GN/2016-17/008 dated 8<sup>th</sup> July 2016 mandated the top 500 listed companies based on the market capitalization to formulate Dividend Distribution Policy which shall be disclosed in their annual reports and on their websites.

The Dividend Distribution Policy is available on the company's website in the following link:

<http://www.sundaram-clayton.com/Investor/Dividend-Distribution-Policy.pdf>

### 12.4 Listing on Stock Exchanges:

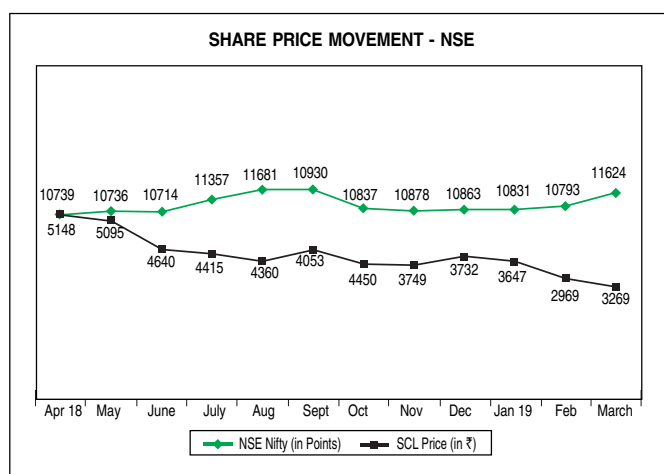
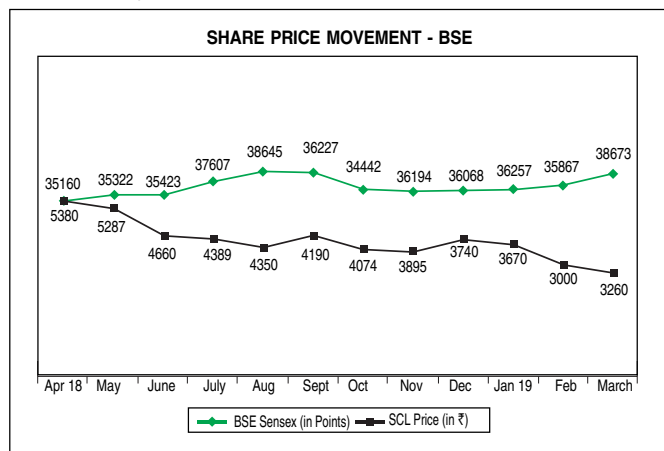
Name of the Stock Exchange	Stock code / symbol
BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001, India Tel.: 91 22 2272 1233 Fax : 91 22 2272 1919	520056
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India Tel.: 91 22 2659 8100 Fax : 91 22 2659 8120	SUNCLAYLTD
ISIN allotted by Depositories (Company ID Number)	INE105A01035

(Note: Annual listing fees and custodial charges for the year 2019-20 were duly paid to the above Stock Exchanges and Depositories viz., NSDL and CDSL)

### 12.5 Market Price Data: (in ₹)

Month	BSE (Monthly)		NSE (Monthly)	
	High	Low	High	Low
April 2018	5380	4782	5148	4817
May 2018	5287	4462	5095	4498
June 2018	4660	4185	4640	4155
July 2018	4389	3704	4415	3726
August 2018	4350	3875	4360	3901
September 2018	4190	3700	4053	3667
October 2018	4074	3400	4450	3411
November 2018	3895	3400	3749	3380
December 2018	3740	3400	3732	3380
January 2019	3670	2803	3647	2850
February 2019	3000	2252	2969	2285
March 2019	3260	2750	3269	2675

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



**12.7 Share Transfer Agents and share transfer system:**

- The Company has registered itself with SEBI as Share Transfer Agent (STA) in Category II.
- All matters connected with the share transfer, dividends and other matters are being 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 15 days from the date of lodgment, 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 15 days. Grievances received from investors and other miscellaneous correspondences relating to change of address, mandates, etc., are processed by the Share Transfer Department within 7 days.
- Certificates are being obtained and submitted to the 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 Regulation 40(9) of Listing Regulations.

- 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.
- The Company, as required under Regulation 6(2) (d) of Listing Regulations, has designated the e-mail ID, namely [investorscomplaintsstta@scl.co.in](mailto:investorscomplaintsstta@scl.co.in) for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.
- A certificate signed by the Company Secretary and Assistant General Manager - Shares towards maintenance of share transfer facility by Share Transfer Department in compliance with Regulation 7(3) of the Listing Regulations was prepared and submitted to the Stock Exchanges.
- Shareholders are, therefore, requested to correspond with the Share Transfer Department for transfer / transmission of shares, change of address and queries pertaining to their shareholding, dividend, etc., at their address given in this Report.

**12.8 Shareholding pattern of the Company as on 31<sup>st</sup> March 2019:**

Category of Shareholder	No. of shares held	%
<b>Shareholding of Promoter and Promoter Group</b>		
Bodies Corporate	1,51,74,060	75.00
<b>Total (A)</b>	<b>1,51,74,060</b>	<b>75.00</b>
<b>Public Shareholding</b>		
Mutual Funds	25,38,792	12.55
Banks / Financial Institutions	796	-
Insurance Companies	5,74,208	2.84
Foreign Institutional Investors	1,25,617	0.62
<b>Total Institutions (B)</b>	<b>32,39,413</b>	<b>16.01</b>
Bodies Corporate	1,69,030	0.84
Individuals holding nominal capital in excess of ₹ 2 lakhs	1,91,724	0.95
Individuals holding nominal capital upto ₹ 2 lakhs	14,13,376	6.99
Foreign National (IND)	83	-
NRI Repatriable	16,354	0.08
NRI Non - Repatriable	22,814	0.11
Directors & their relatives	1,162	0.01
Clearing Members	3,567	0.02
Trusts	500	-
LLP	2	-
<b>Total Non-Institutions (C)</b>	<b>18,18,612</b>	<b>8.99</b>
<b>Total Public Shareholding [D=(B+C)]</b>	<b>50,58,025</b>	<b>25.00</b>
<b>Grand Total (A+D)</b>	<b>2,02,32,085</b>	<b>100.00</b>

## Sundaram-Clayton Limited

### 12.9 Distribution of Shareholding as on 31<sup>st</sup> March 2019:

Shareholding (Range)	No of shares	%	No of members	%
Upto 500	11,11,854	5.50%	17,565	98.35%
501-1000	1,09,419	0.54%	152	0.85%
1001-2000	82,094	0.41%	60	0.34%
2001-5000	1,21,143	0.60%	39	0.22%
5001-10000	1,35,572	0.67%	20	0.11%
10001 & above	1,86,72,003	92.28%	24	0.13%
<b>Total</b>	<b>2,02,32,085</b>	<b>100.00%</b>	<b>17,860</b>	<b>100.00%</b>

### 12.10 Dematerialization of shares and liquidity:

The promoter holding consisting of 1,51,74,060 equity shares of ₹ 5/- each has been fully dematerialized. Out of the balance 50,58,025 equity shares of ₹ 5/- each held by persons other than promoters, 49,18,407 equity shares have been dematerialized as on 31<sup>st</sup> March, 2019 accounting for 97.23%.

### 12.11 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.

### 12.12 Other Disclosures

- Pecuniary relationships or transactions with NE-IDs vis-a-vis the Company during the year under review, do not exceed the threshold limit as laid down under the Listing Regulations.
- During the year, there were no materially significant transactions with related parties that may have potential conflict with the interests of the Company at large.
- Company is a net exporter. Company has a forex hedging policy and covers are appropriately taken to cover the currency risk. The exposure and cover taken are reviewed by the Audit Committee on regular basis.
- Company is not a dealer in Commodities. Prices payable to vendors for raw materials and components are negotiated based on internationally available data. Cost of manufacture of all products are reviewed at regular intervals and wherever required suitable price changes are done based on market conditions.

The Company has not entered into any commodity derivatives with any of the bankers and hence the disclosure of exposure in commodity risks faced by the company is not required, as directed in the SEBI Circular dated 15<sup>th</sup> November 2018.

### 12.13 Plant locations:

**Chennai** : Padi, Chennai - 600 050  
**Tamil Nadu, India**  
 Tel. : 044 - 2625 8212  
[vj@scl.co.in](mailto:vj@scl.co.in)

**Mahindra World City** : Plot No. AA5, VI Avenue,  
 Auto Ancillary SEZ,  
 Mahindra World City, Chengalpattu  
 Kancheepuram District - 603 004  
**Tamil Nadu, India**  
 Tel. : 044 - 4749 0049  
[vj@scl.co.in](mailto:vj@scl.co.in)

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

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

### 12.14 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 : <a href="mailto:raman@scl.co.in">raman@scl.co.in</a> <a href="mailto:sclshares@gmail.com">sclshares@gmail.com</a>
(iii) for Investors grievance & general correspondence	Email : <a href="mailto:corpsec@scl.co.in">corpsec@scl.co.in</a> <a href="mailto:investorscomplaintsstata@scl.co.in">investorscomplaintsstata@scl.co.in</a>

### 12.15 List of Credit Rating:

The Company is maintaining the existing credit rating viz., CRISIL AA- for long term borrowings and CRISIL A1+ for short term borrowings vide their letters issued in February 2019.

### 12.16 Certificate from Practicing Company Secretary:

The Company has received a certificate from the Secretarial Auditor of the Company stating that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority. The certificate is enclosed with this report as Annexure.

### 12.17 Fees paid to Statutory Auditor on a consolidated basis:

During the year, the Company has paid ₹55 lakhs to the statutory Auditors for all services received by the listed entity and its subsidiaries, if any on a consolidated basis.

### 12.18 Sexual Harassment at workplace:

During the year under review, the Company has not received any complaints in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.



### 13. 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:

#### 13.1 The Board:

Since the Chairman of the Company is Executive, disclosure under this head is not mandatory. The NE-NIDs of the Company are liable to retire by rotation and if eligible, offer themselves for re-appointment. Specific tenure has been fixed for the Independent Directors in terms of Section 149 of the Act, 2013 and during this period, they will not be liable to 'retire by rotation' as per Sections 150(2), 152(2) read with Schedule IV to the Act, 2013.

#### 13.2 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 uploaded in the Company's website namely [www.sundaram-clayton.com](http://www.sundaram-clayton.com). The results are not sent to the shareholders individually.

#### 13.3 Audit qualifications:

The financial statements of the Company are unmodified.

### 14. Request to shareholders

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

#### 14.1 Demat of Shares:

Shareholders are requested to convert their physical holding to demat / electronic form through any of the DPs to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities. Any investor who is desirous of transferring shares (which are held in physical form) after April 01, 2019 can do so only after the shares are dematerialized, except for transmission (i.e. transfer of title of shares by way of inheritance / succession) and transposition (i.e. re-arrangement / interchanging of the order of name of shareholders) cases.

#### 14.2 Registration of Electronic Clearing Service (ECS) mandate:

SEBI 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.

#### 14.3 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.

#### 14.4 Registration of Nominations:

Section 72 of the Act, 2013 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 interest 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 SH-13. This form will be made available on request. Investors holding Shares in demat form are advised to contact their DPs for making nominations.

#### 14.5 Updation of address:

Shareholders are requested to update their addresses registered with the Company, directly through the Share Transfer Department, 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.

#### 14.6 SMS Alerts:

Shareholders are requested to note that NSDL and CDSL have announced the launch of SMS alert facility for demat account holders whereby Shareholders will receive alerts for debits / credits (transfers) to their demat accounts a day after the transaction. These alerts will be sent to those account holders who have provided their mobile numbers to their DPs. No charge will be levied by NSDL / CDSL on DPs providing this facility to investors. This facility will be available to investors who request for the same and provide their mobile numbers to the DPs. Further information is available on the website of NSDL and CDSL namely [www.nsdl.co.in](http://www.nsdl.co.in) and [www.cdslindia.com](http://www.cdslindia.com) respectively.

#### 14.7 Timely encashment of dividends:

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation.

As required by SEBI, Shareholders are requested to furnish details of their bank account number and name and address

## Sundaram-Clayton Limited

of the bank for incorporating the same in the warrants. This would avoid wrong credits being obtained by unauthorized persons.

Shareholders are requested to note that the dividends, not claimed for a period of seven years from the date they first became due for payment, shall be transferred to IEPF in terms of Section 124(6) of the Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. Accordingly, a sum of ₹ 7.22 lakhs, being unclaimed dividend, was transferred to IEPF during the year 2018-19.

Shareholders, who have not encashed their dividend warrants, in respect of dividends declared for the year ended 31<sup>st</sup> March, 2012 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

INFORMATION IN RESPECT OF UNCLAIMED DIVIDENDS DUE FOR REMITTANCE INTO IEPF IS GIVEN BELOW:

**Particulars of unclaimed dividend of the Company:**

Financial Year	Date of declaration	Date of transfer to special account	Due date for transfer to IEPF
2011-2012 (interim)	20-04-2012	26-05-2012	26-05-2019
2012-2013(1 <sup>st</sup> interim)	08-02-2013	16-03-2013	16-03-2020
2012-2013 (2 <sup>nd</sup> interim)	08-05-2013	06-06-2013	06-06-2020
2013-2014 (1 <sup>st</sup> interim)	29-10-2013	27-11-2013	27-11-2020
2013-2014 (2 <sup>nd</sup> interim)	18-03-2014	16-04-2014	16-04-2021
2013-2014 (3 <sup>rd</sup> interim)	14-05-2014	12-06-2014	12-06-2021
2014-2015 (1 <sup>st</sup> interim)	04-02-2015	05-03-2015	05-03-2022
2014-2015 (2 <sup>nd</sup> interim)	20-03-2015	18-04-2015	18-04-2022
2014-2015 (3 <sup>rd</sup> interim)	08-05-2015	07-06-2015	17-06-2022
2015-2016 (1 <sup>st</sup> interim)	09-02-2016	10-03-2016	10-03-2023
2015-2016 (2 <sup>nd</sup> interim)	14-03-2016	13-04-2016	13-04-2023
2016-2017 (1 <sup>st</sup> interim)	03-11-2016	03-12-2016	03-12-2023
2016-2017 (2 <sup>nd</sup> interim)	13-03-2017	12-04-2017	12-04-2024
2017-2018 (interim)	15-03-2018	14-04-2018	14-04-2025
2018-2019 (1 <sup>st</sup> interim)	25-01-2019	24-02-2019	24-02-2026
2018-2019 (2 <sup>nd</sup> interim)	11-03-2019	10-04-2019	10-04-2026

### 15. Unclaimed share certificates

Pursuant to the requirement of Regulation 34(3) and Schedule V Part F of Listing Regulations, the following table provides details in respect of the equity shares lying in the suspense account. The Company has already sent three reminders to the shareholders for claiming those shares at their latest available address(es) with the Company or Depository, as the case may be.

All the corporate benefits in terms of securities accruing on those shares like bonus shares, split etc would also be credited to unclaimed suspense account of the Company. The voting rights on shares lying in unclaimed suspense account shall remain frozen till the rightful owner claims the shares.

Details	No. of shareholders	No. of shares
Number of shares in the unclaimed suspense account as on 31 <sup>st</sup> March 2018	460	30,053
Number of shares transferred to the shareholders on request from 1 <sup>st</sup> April 2018 to 31 <sup>st</sup> March 2019	16	1,750
Number of shares in the unclaimed suspense account as on 31 <sup>st</sup> March 2019	444	28,303

### GREEN INITIATIVE IN CORPORATE GOVERNANCE

Rule 11 of the Companies (Accounts) Rules, 2014, permits circulation of Annual Report through electronic means to such of the Shareholders whose e-mail addresses are registered with NSDL or CDSL or Shareholders who have registered their E-mail IDs with the Company to receive the documents in electronic form and physical copies to those Shareholders whose e-mail ids have not been either registered with the Company or with the depositories.

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

## ***Sundaram-Clayton Limited***

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### **Compliance with Code of Business Conduct and Ethics**

To

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, it is hereby certified that both the Members of the Board and the Senior Management Personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the Board for the year ended 31<sup>st</sup> March 2019

Chennai  
2<sup>nd</sup> May 2019

VENU SRINIVASAN  
Chairman & Managing Director

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

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 ('the Company') for the year ended 31<sup>st</sup> March 2019 as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [the Listing Regulations].

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.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate governance requirements by 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 the Listing Regulations.

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

For RAGHAVAN, CHAUDHURI & NARAYANAN  
*Chartered Accountants*  
Firm Regn. No. 007761S

Chennai  
2<sup>nd</sup> May 2019

V. SATHYANARAYANAN  
*Partner*  
Membership No. 027716

## ***Sundaram-Clayton Limited***

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### **CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE**

*(In terms of Regulation 34(3) read with Schedule V Para C(10)(i) to the Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015*

To

The Member of  
Sundaram-Clayton Limited  
Jayalakshmi Estates, 29 Haddows Road,  
Chennai 600 006

Dear Sir

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of SUNDARAM-CLAYTON LIMITED having CIN L35999TN1962PLC004792 and having registered office at Jayalakshmi Estates, 29, Haddows Road, Chennai 600 006 (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company for the Financial Year ending on 31<sup>st</sup> March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

B CHANDRA  
PRACTISING COMPANY SECRETARY  
CP 7859

Place : Chennai

Date : 2<sup>nd</sup> May 2019

## ***Sundaram-Clayton Limited***

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### **Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification**

To

The Board of Directors  
Sundaram-Clayton Limited

We certify that we have reviewed the financial statements prepared based on the Indian Accounting Standards for the year ended 31<sup>st</sup> March 2019 and to the best of our knowledge and belief:

- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (2) these statements together present a true and fair view of the Company's affairs and are in compliance with applicable Indian Accounting Standards, Laws and Regulations.
- (3) no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.
- (4) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- (5) We have indicated to the Auditors and the Audit Committee:
  - (1) significant changes, if any, in internal control over financial reporting during the year;
  - (2) significant changes in accounting policies, if any, during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) that there were no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

VENU SRINIVASAN  
Chairman & Managing Director

K GOPALA DESIKAN  
Chief Financial Officer

Place : Chennai  
Date : 2<sup>nd</sup> May 2019

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2019**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members of  
Sundaram-Clayton Limited,  
[CIN: L35999TN1962PLC004792]  
Jayalakshmi Estates, 29, Haddows Road,  
Chennai - 600006.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by SUNDARAM-CLAYTON LIMITED bearing CIN L35999TN1962PLC004792 (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that, in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2019, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Companies Act 1956 (to the extent applicable);
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015;
- c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and
- d. The Securities and Exchange Board of India (Listing obligations and Disclosure requirements) Regulations 2015;

I am informed that the Company, during the year, was not required to comply with the following regulations and consequently not required to maintain any books, papers, minute books or other records or file any forms / returns under:

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations ['SEBI ICDR'], 2009 which was replaced by the 'SEBI ICDR' 2018 (with effect from 10<sup>th</sup> November 2018);
  - b. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - c. The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations 2008;
  - d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - e. The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998 which was replaced by the The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 (with effect from 11<sup>th</sup> September 2018);
- (vii) In addition to the compliance with Factory and Labour Laws as is applicable to a factory, based on the study of the systems and processes in place and a review of the reports of (1) the heads of the Departments (2) Occupier / Manager of the factories located in Padi, Mahindra World City, Oragadam and Hosur Units which manufacture aluminium pressure die castings for heavy commercial vehicles., passenger cars and two wheelers (3) the compliance reports made by the functional heads of various departments which are submitted to the Board of Directors of the Company (4) the Internal Audit Reports submitted to the Company, I report that the Company has complied with the provisions of the following industry specific statutes and the rules made thereunder as well as other laws to the extent it is applicable to them:
1. Motor Vehicles Act, 1988
  2. The Motor Transport Workers Act, 1961
  3. The Explosive Act, 1884

## **Sundaram-Clayton Limited**

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4. The Petroleum Act, 1934
5. The Environment (Protection) Act, 1986
6. The Water (Prevention and Control of Pollution) Act, 1974
7. The Air (Prevention and Control of Pollution) Act, 1981

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of

Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Based on the minutes made available to us, I report that majority decision is carried through and that there were no dissenting votes from any Board member that was required to be captured and recorded as part of the minutes.
- I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor, report deviations, if any, to the Board, take corrective actions and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Chennai  
Date : 2<sup>nd</sup> May, 2019

B Chandra  
Practising Company Secretary  
ACS No.: 20879  
C P No.: 7859

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### **Annexure – A to Secretarial Audit Report of even date**

To,

The Members of  
Sundaram-Clayton Limited,  
Jayalakshmi Estates,  
No.29, Haddows Road,  
Chennai - 600006

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Chennai  
Date : 2<sup>nd</sup> May, 2019

B Chandra  
Practising Company Secretary  
ACS No.: 20879  
C P No.: 7859

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**Standalone Financial Statements  
of  
Sundaram-Clayton Limited**

**Independent Auditor's Report for the year ended 31<sup>st</sup> March 2019**

To the Members of  
**Sundaram-Clayton Limited**

**Report on the Audit of the Standalone IND AS Financial Statements**

**Opinion**

We have audited the standalone financial statements of Sundaram-Clayton Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the company as at 31<sup>st</sup> March 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S.No.	Key Audit Matter	Auditor's Response
<b>1</b>	<b>Government Grants entitlement and recognition:</b> Government grants form a significant portion of the Company's Other Operating Revenues.	<b>Principal Audit Procedures</b> We have verified the accrual of Grants, after a detailed analysis of the Grant Scheme, the eligibility of the Company and the fulfillment of

S.No.	Key Audit Matter	Auditor's Response
	Government grants are to be recognized at fair value and there is a reasonable assurance that, the grant will be received, and the Company has fulfilled all attached conditions.	the conditions attached to the scheme. Further, realizability of these grants has been verified based on past track record.  Government grants recognized and accounted, fulfill the criteria stipulated and are in accordance with Ind AS 20.
<b>2</b>	<b>Tax Litigations and Provisions.</b> The Company has material uncertain tax positions, including matters under dispute, which involves significant judgment to determine the possible outcome of these disputes.	<b>Principal Audit Procedures</b> We have obtained details of completed assessments and demands relating to direct tax and indirect tax, for the year ended 31 <sup>st</sup> March 2019. Our audit procedures involved discussion with the company's experts on the expected outcome of these disputes in comparison with precedent case laws presenting similar facts. Additionally, we have considered the effect of any new information in respect of uncertain tax positions as at April 1, 2019 to evaluate whether any change was required to management's position on these uncertainties.  On the basis of the above evaluations, we have analysed the adequacy of provisions made in books against such disputed tax positions.

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher, than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance, a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter, or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

As required by the Section 143(3) of the Act, we report that:

- (a) We have sought and 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 accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with books of accounts.
- (d) In our opinion, the aforesaid standalone financial statements comply with Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2019 from being appointed as directors in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over the financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- (h) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on the financial position in its standalone financial statements- Refer Note 36(i) to the financial statements;
  - ii. The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 36(ii) to the financial statements;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

Place : Chennai  
Date : 2<sup>nd</sup> May 2019

**Annexure 'A' to Independent Auditors' Report - 31<sup>st</sup> March 2019 (Referred to in our report of even date)**

- 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 in accordance with a regular programme at reasonable intervals. In our opinion the interval is reasonable having regard to the size of the company and nature of its assets. No material discrepancies have been noticed on such verifications;
- c) The title deeds of the immovable properties of the company are held in the name of the Company;
- ii) The inventory, other than in-transit, has been physically verified at reasonable intervals during the year under review by the management. The discrepancies noticed between the book stock and physical stock were not material and have been properly dealt with in the books of accounts.
- In respect of inventories with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties.
- iii) During the year, the Company has not granted any loan to a company, firm or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable;
- v) The Company has not accepted any deposits from the public within the meaning of Section 73 to 76. Hence, reporting under sub-clause (v) of paragraph 3 of the Order is not applicable to the Company;
- vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government under Section 148(1) of the Companies Act, 2013 for the maintenance of cost records and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) a) According to the information and explanations given to us, and on the basis of our examination of the records of the company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, customs duty, excise duty, service tax, value added tax, cess, goods

and services tax and any other material statutory dues with the appropriate authorities except for few marginal delays.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, customs duty, excise duty, service tax, value added tax, cess, goods and services tax, were in arrears as at 31<sup>st</sup> March 2019 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, following are the details of the disputed dues that have not been deposited on account of any dispute as on 31<sup>st</sup> March 2019:

Name of the statute	Nature of dues	Amount of dispute (₹ in crores)	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	1.84	Central Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	2.37	Central Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	0.12	Commissioner (Appeals), Chennai
Income Tax Act, 1961	Income Tax	4.35	Commissioner of Income Tax (Appeals)
Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	0.15	Tamil Nadu Sales Tax Appellate Tribunal

- viii) 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. The company has not borrowed from any financial institution or Government nor has issued any debentures.
- ix) a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence, reporting on utilization of such money does not arise.
- b) In our opinion and according to the information and explanations given to us, the term loans availed by the Company have been utilised for the purposes for which they were obtained;
- x) Based on the audit procedures adopted and the information and explanations given to us, no fraud by the Company or on the

## **Sundaram-Clayton Limited**

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- Company has been noticed or reported during the course of our audit;
- x) In our opinion and according to the information and explanations given to us, managerial remuneration paid / provided are in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act;
- xii) The Company is not a Nidhi Company and as such this clause of the order is not applicable;
- xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Section 177 and 188 of the Act and details of such transactions have been disclosed in standalone Ind AS financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and in our opinion, the Company has not made any preferential or private placement of shares or fully or partly convertible debentures during the year under review;
- xv) According to the information and explanations given to us and in our opinion, the company has not entered into any non-cash transactions with directors or persons connected with them.
- xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank Act, 1934.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
*Chartered Accountants*  
Firm Regn. No. 007761S

V. SATHYANARAYANAN  
*Partner*  
Membership No. 027716

Place : Chennai  
Date : 2<sup>nd</sup> May 2019

## **Annexure 'B' to the Independent Auditors' Report for the year ended 31<sup>st</sup> March 2019**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Sundaram-Clayton Limited ("the Company"), Jayalakshmi Estates, #29, Haddows Road, Chennai - 600006, as of 31<sup>st</sup> March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by Institute of Chartered Accountants of India and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained, and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

### **Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

Place : Chennai  
Date : 2<sup>nd</sup> May 2019

## Sundaram-Clayton Limited

### BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2019

(Rupees in crores)

Particulars	Notes	As at 31.03.2019	As at 31.03.2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	745.05	616.36
Capital work in progress	2	13.20	82.46
Other intangible assets	3	2.29	1.05
Financial assets			
i. Investments	4	295.36	281.49
ii. Other financial assets	5	16.96	11.97
Deferred Tax Assets (Net)	6	20.31	20.09
Other non-current assets	7	25.29	18.02
<b>Total non-current assets</b>		<b><u>1,118.46</u></b>	<b><u>1,031.44</u></b>
<b>Current assets</b>			
Inventories	8	331.76	361.32
Financial assets			
i. Trade receivables	9	214.36	288.57
ii. Cash and cash equivalents	10	1.52	1.16
iii. Bank balances other than (ii) above	11	1.73	0.79
iv. Other financial assets	5	11.59	8.70
Current tax assets (Net)		14.85	14.51
Other current assets	12	38.42	87.33
<b>Total current assets</b>		<b><u>614.23</u></b>	<b><u>762.38</u></b>
<b>Total Assets</b>		<b><u>1,732.69</u></b>	<b><u>1,793.82</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	13	10.12	10.12
Other equity	14	678.58	653.88
<b>Total equity</b>		<b><u>688.70</u></b>	<b><u>664.00</u></b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
i. Borrowings	15	383.64	278.07
ii. Other financial liabilities	19	8.31	2.79
Provisions	16	23.11	20.22
Deferred tax liabilities (Net)	6	-	-
<b>Total non-current liabilities</b>		<b><u>415.06</u></b>	<b><u>301.08</u></b>
<b>Current liabilities</b>			
Financial liabilities			
i. Borrowings	17	295.17	309.41
ii. Trade payables	18	218.32	378.49
iii. Other financial liabilities	19	79.07	101.53
Other current liabilities	20	15.31	10.91
Provisions	16	21.06	28.40
<b>Total current liabilities</b>		<b><u>628.93</u></b>	<b><u>828.74</u></b>
<b>Total liabilities</b>		<b><u>1,043.99</u></b>	<b><u>1,129.82</u></b>
<b>Total equity and liabilities</b>		<b><u>1,732.69</u></b>	<b><u>1,793.82</u></b>
Significant Accounting Policies	1		

The accompanying notes are an integral part of these financial statements

VENU SRINIVASAN  
Chairman & Managing Director

Dr. LAKSHMI VENU  
Joint Managing Director

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

VIVEK S JOSHI  
President & CEO

K GOPALA DESIKAN  
Chief Financial Officer

R RAJA PRAKASH  
Company Secretary

V SATHYANARAYANAN  
Partner  
Membership No. 027716

Chennai  
2<sup>nd</sup> May 2019



## Sundaram-Clayton Limited

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2019

				(Rupees in crores)	
Particulars	Notes	Year ended 31.03.2019	Year ended 31.03.2018		
<b>I INCOME</b>					
Revenue from operations	21	1,833.07	1,672.29		
Other income	22	99.87	94.45		
<b>Total income</b>		<b><u>1,932.94</u></b>	<b><u>1,766.74</u></b>		
<b>II EXPENSES</b>					
Cost of materials consumed	23	922.62	863.53		
Changes in inventories of finished goods, work-in-process and Stock-in-Trade	24	(6.24)	(49.46)		
Excise duty		-	29.33		
Employee benefit expenses	25	276.02	249.89		
Finance costs	26	55.16	33.70		
Depreciation and amortisation expense	27	92.19	73.21		
Other expenses	28	462.71	565.70		
<b>Total expenses</b>		<b><u>1,802.46</u></b>	<b><u>1,765.90</u></b>		
<b>III Profit before exceptional items and tax (I - II)</b>		<b><u>130.48</u></b>	<b><u>0.84</u></b>		
IV Exceptional items		-	-		
<b>V Profit before tax (III + IV)</b>		<b><u>130.48</u></b>	<b><u>0.84</u></b>		
VI Income tax expense					
i) Current tax	29	8.04	(2.06)		
ii) Deferred tax charge/(credit)	30	2.78	(52.02)		
<b>VII Profit for the year (V - VI)</b>		<b><u>119.66</u></b>	<b><u>54.92</u></b>		
<b>VIII Other comprehensive income</b>					
A. <i>Items that will not be reclassified to profit and Loss:</i>					
Remeasurement of post employment benefit obligations		0.72	3.80		
Change in fair value of equity instruments		(19.73)	26.81		
Income tax relating to these items		2.63	(3.11)		
B. <i>Items that will be reclassified to profit or loss:</i>					
Transactions relating to Derivative instruments		(4.12)	(0.57)		
Income tax relating to these items		0.70	0.20		
<b>Other comprehensive income for the year, net of tax</b>		<b><u>(19.80)</u></b>	<b><u>27.13</u></b>		
<b>IX Total comprehensive income for the year (VII + VIII)</b>		<b><u>99.86</u></b>	<b><u>82.05</u></b>		
X Earnings per equity share					
Basic & Diluted earnings per share	31	59.14	27.14		

The accompanying notes are an integral part of these financial statements

VENU SRINIVASAN <i>Chairman &amp; Managing Director</i>	Dr. LAKSHMI VENU <i>Joint Managing Director</i>	R RAJA PRAKASH <i>Company Secretary</i>	As per our report annexed For RAGHAVAN, CHAUDHURI & NARAYANAN Chartered Accountants Firm Regn. No. 007761S  V SATHYANARAYANAN Partner Membership No. 027716
VIVEK S JOSHI <i>President &amp; CEO</i>	K GOPALA DESIKAN <i>Chief Financial Officer</i>		

Chennai  
2<sup>nd</sup> May 2019

## Sundaram-Clayton Limited

### STATEMENT OF CHANGES IN EQUITY

(Rupees in crores)

**A. Equity Share Capital (Refer Note 13)**

As at March 31, 2017	10.12
Changes in equity share capital	–
As at March 31, 2018	10.12
Changes in equity share capital	–
As at March 31, 2019	10.12

**B. Other Equity**

Particulars	Reserves & Surplus				Other Reserves		
	General reserve	Securities Premium reserve	Retained earnings	Total	Fair value through other Comprehensive income	Hedging reserve	Total
<b>Balance as at March 31, 2017</b>	<b>224.84</b>	<b>36.42</b>	<b>201.31</b>	<b>462.57</b>	<b>138.56</b>	<b>0.37</b>	<b>138.93</b>
Add : Profit for the period	–	–	54.92	54.92	–	–	–
Other comprehensive income	–	–	–	–	27.50	(0.37)	27.13
<b>Total Comprehensive Income for the year</b>	<b>–</b>	<b>–</b>	<b>54.92</b>	<b>54.92</b>	<b>27.50</b>	<b>(0.37)</b>	<b>27.13</b>
Add/(Less) : Transfer to Retained earnings	–	–	0.21	0.21	–	0.47	0.47
Distribution to shareholders :							
Less : First Interim dividend paid for the year ended 31.03.2018 (₹ 15 / share)	–	–	(30.35)	(30.35)	–	–	–
Dividend Tax*	–	–	–	–	–	–	–
<b>Balance as at March 31, 2018</b>	<b>224.84</b>	<b>36.42</b>	<b>226.09</b>	<b>487.35</b>	<b>166.06</b>	<b>0.47</b>	<b>166.53</b>
Add : Profit for the period	–	–	119.66	119.66	–	–	–
Other comprehensive income	–	–	–	–	(16.38)	(3.42)	(19.80)
<b>Total Comprehensive Income for the year</b>	<b>–</b>	<b>–</b>	<b>119.66</b>	<b>119.66</b>	<b>(16.38)</b>	<b>(3.42)</b>	<b>(19.80)</b>
Add/(Less) : Transfer to Retained earnings	–	–	–	–	–	(2.33)	(2.33)
Distribution to shareholders :							
Less : First Interim dividend paid for the year ended 31.03.2019 (₹ 20 / share)	–	–	(40.46)	(40.46)	–	–	–
Second Interim dividend paid for the year ended 31.03.2019 (₹ 16 / share)	–	–	(32.37)	(32.37)	–	–	–
Dividend Tax*	–	–	–	–	–	–	–
<b>Balance as at March 31, 2019</b>	<b>224.84</b>	<b>36.42</b>	<b>272.92</b>	<b>534.18</b>	<b>149.68</b>	<b>(5.28)</b>	<b>144.40</b>

\* The Company has taken credit for the dividend distribution tax paid by one of the subsidiary companies on the dividend declared as per Section 115–O (1A) of the Income Tax Act, 1961.

**Nature and purpose of reserves:**

Securities premium reserve: This consist of premium realised on issue of shares and will be applicable / utilised in accordance with the provisions of the Companies Act, 2013

General reserve: General reserve is part of retained earnings. This is available for distribution to shareholders as dividend and capitalisation.

Hedging Reserve – Refer Note No. 34(D)

VENU SRINIVASAN  
Chairman & Managing Director

Dr. LAKSHMI VENU  
Joint Managing Director

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

VIVEK S JOSHI  
President & CEO

K GOPALA DESIKAN  
Chief Financial Officer

R RAJA PRAKASH  
Company Secretary

V SATHYANARAYANAN  
Partner  
Membership No. 027716

Chennai  
2<sup>nd</sup> May 2019

## Sundaram-Clayton Limited

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2019

		(Rupees in crores)	
		Year ended 31.03.2019	Year ended 31.03.2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net profit before tax		130.48	0.84
Add: Depreciation and amortisation for the year	92.19		73.21
Loss on sale/scraping of property, plant and equipment	1.63		0.15
Profit on sale of property, plant and equipment	(0.16)		(0.14)
Unrealised exchange (gain) / loss	7.47		0.70
Dividend income	(96.66)		(91.04)
Interest income	(2.50)		(1.96)
Fair value of financial assets & financial liabilities	(1.50)		(1.64)
Interest expense	54.76		33.43
		55.23	12.71
<b>Operating profit before working capital changes</b>		<b>185.71</b>	<b>13.55</b>
Adjustments for:			
Inventories	29.56		(126.18)
Trade Receivables	74.21		(117.47)
Other financial assets	(2.16)		(2.94)
Other non-current assets	(7.27)		(2.61)
Other current assets	48.91		(24.35)
Trade Payables	(160.17)		199.52
Provision for employee benefits debited in P&L a/c	(3.73)		2.46
Other financial liabilities (excluding current maturities of debt)	12.89		(1.92)
Other current liabilities	4.40		3.72
		(3.36)	(69.77)
Cash generated from operations		182.35	(56.23)
Direct taxes paid		(8.01)	(3.27)
<b>Net cash from operating activities</b>	<b>(A)</b>	<b>174.34</b>	<b>(59.50)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment (including Capital work-in-progress)		(154.91)	(260.81)
Sale of property, plant and equipment		0.71	19.15
(Purchase) / Sale of investments		(42.57)	(38.96)
Interest received		2.50	1.96
Dividend received		96.66	91.04
<b>Net Cash from / (used in) investing activities</b>	<b>(B)</b>	<b>(97.61)</b>	<b>(187.62)</b>

## Sundaram-Clayton Limited

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2019 - (continued)

		(Rupees in crores)	
		Year ended 31.03.2019	Year ended 31.03.2018
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net Borrowings:			
Term loans availed / (repaid)		68.24	152.08
Short term borrowings availed / (repaid)		48.47	36.03
Interest paid		(54.76)	(33.43)
Dividend and dividend tax paid		(72.83)	(30.35)
<b>Net cash from financing activities</b>	<b>(C)</b>	<u>(10.88)</u>	<u>124.33</u>
<b>D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	<b>(A+B+C)</b>	<u>64.01</u>	<u>(122.78)</u>
Cash and cash equivalents at the beginning of the year			
Cash and Bank balances		1.95	1.61
Cash credit balance		(189.88)	(187.93)
Cash credit balance		(66.76)	(65.15)
Cash and cash equivalents at the end of the year			
Cash and Bank balances		3.25	1.95
Cash credit balance		(127.17)	(187.93)
Cash credit balance		(123.92)	(189.88)

Change in liability arising from financing activities						
Particulars	Notes	01/04/2018	Cash flow	Non-cash changes		31/03/2019
				Fair value change	Foreign exchange movement	
Long term borrowings (including current maturities)	15	356.10	68.24	(1.45)	5.63	428.52
Short term borrowings	17	119.53	48.47	-	-	168.00

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 equivalents include cash and bank balances.

VENU SRINIVASAN  
Chairman & Managing Director

Dr. LAKSHMI VENU  
Joint Managing Director

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
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Company Secretary

V SATHYANARAYANAN  
Partner  
Membership No. 027716

Chennai  
2<sup>nd</sup> May 2019

### 1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the standalone financial statements of the Company.

#### a) Brief description of the Company

Sundaram-Clayton Limited ('the Company') is a public limited company incorporated in India whose shares are publicly traded. The registered office is located at "Jayalakshmi Estates", 29, Haddows Road, Chennai - 600006, Tamil Nadu, India.

The Company manufactures non-ferrous gravity and pressure die castings. The Company has four manufacturing plants located in Tamil Nadu.

#### b) Basis of preparation

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Disclosures under Ind AS are made only in respect of material items and in respect of items that will be useful to the users of financial statements in making economic decisions.

The financial statements have been prepared on historical basis following the principles of prudence which requires recognition of expected losses and non-recognition of unrealized gains.

The financial statements have been prepared under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value.

#### c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity. It also provides an overview of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

#### d) Significant Estimates and judgments

The areas involving significant estimates and judgments are:

- i) Estimation of defined benefit obligation - (Refer Note 32)
- ii) Estimation of useful life of Property, Plant and Equipment (Refer Note 1(f) and 1(g))

#### e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances and rebates and amounts collected on behalf of third parties.

##### i) Sale of products:

Revenue from sale of products is recognised when significant risk and rewards of ownership pass to the customers, as per the terms of the contract and it is probable that the economic benefits associated with the transaction will flow to the Company.

##### ii) Revenue from Services:

Revenue from Services is recognised in the accounting period in which the services are rendered and when invoices are raised.

##### iii) Dividend income:

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established and it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.

The Company has adopted Ind AS 115 from 1<sup>st</sup> April 2018 and had opted for retrospective application with the cumulative effect of initially applying this standard recognised at the date of initial application. The standard has been applied to all open contracts as on 1<sup>st</sup> April 2018, and subsequent contracts with customers from that date. There is no impact on the retained earnings as on the date of adoption of the standard.

## Sundaram-Clayton Limited

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

#### f) Property, Plant and Equipment

Freehold Land is stated at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition/construction less accumulated depreciation / amortization and impairment, if any. Cost includes:

- (i) purchase price,
- (ii) taxes and duties,
- (iii) labour cost
- (iv) directly attributable overheads incurred upto the date the asset is ready for its intended use, and
- (v) Government grants that are directly attributable to the assets acquired.

However, cost excludes excise duty, value added tax, service tax and GST, to the extent credit of the duty or tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Government grants relating to the purchase of property, plant and equipment are capitalized and included as cost to fixed assets.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit and Loss within Other gains / (losses).

#### g) Depreciation

- i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double / triple shifts) as evaluated by a Chartered Engineer, on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013.
- ii) The estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Company is furnished below:

Description	Years
Factory building and other buildings	30 to 64
Plant and Equipment	8 to 21
Electrical Equipment	15
Furniture and Fixtures	10
Computers	3
Mobile phones	1
Vehicles	6

- iii) The residual value for all the above assets is retained at 5% of the cost except for Mobile phones for which Nil residual value is considered. Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.
- iv) On tangible fixed assets added / disposed off during the year, depreciation is charged on pro-rata basis for the period for which the asset was purchased and used.
- v) Depreciation in respect of tangible assets costing individually less than ₹ 5,000/- is provided at 100%.

#### h) Amortization of Intangible assets

Intangible assets acquired are accounted at their acquisition cost and are amortised over their useful lives, viz., 2 years in the case of software.

#### i) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### j) Foreign currency translation

##### (i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e in Indian rupees (INR) and all values are rounded off to nearest crores except where otherwise indicated.

##### (ii) Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

- (a) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.
- (b) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.
- (c) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

#### k) Hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 33. Movements in the hedging reserve in shareholders' equity are shown in Note 34 (D). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, within other gains / (losses).

When forward contracts are used to hedge forecast transactions, the Company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects the Statement of Profit and Loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the Statement of Profit and Loss within other gains / (losses).

#### l) Inventories

Inventories are valued at the lower of cost and net realisable value.

- i) Cost of raw materials, components, stores, spares, work-in-process and finished goods are determined on a moving average basis.
- ii) Cost of finished goods and work-in-process comprises of direct materials, direct labour and an applicable proportion of variable and fixed overhead expenditure, fixed overhead expenditure absorbed on the basis of normal operating capacity.
- iii) Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
- iv) Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.

#### m) Employee benefits

##### i) Short term obligations:

Short term obligations are those that are expected to be settled fully within 12 months after the end of the reporting period. They are recognized upto the end of the reporting period at the amounts expected to be paid at the time of settlement.

##### ii) Other long term employee benefit obligations:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, recognized and provided for at the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for atleast twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

##### iii) Post-employment obligation:

The Company operates the following post-employment schemes:

- a) Defined benefit plans such as gratuity for its eligible employees, pension plan for eligible senior managers; and
- b) Defined contribution plan such as provident fund.

##### Pension and gratuity obligation:

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net of deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit or Loss as past service cost.



### SIGNIFICANT ACCOUNTING POLICIES - (continued)

#### Provident fund:

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The provident fund contributions are made to an irrevocable trust set up by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

#### iv) Bonus plans:

The Company recognises a liability and an expense for bonus. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

#### n) Taxes on income

Tax expense comprises of (i) current tax and (ii) deferred tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Where the Company is entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (the Research and Development or other investment allowances), the Company accounts for such allowances as tax credits, which means that the allowance reduce income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

#### o) MAT Credit

MAT credit can be carried forward upto a period of 15 years. MAT credit recognized in the books is in line with the latest assessment orders received by the Company.

#### p) Provisions and contingent liabilities

##### i) Provision:

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is accounted based on technical evaluation, when the products are sold.

Provisions are evaluated at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

ii) Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

r) Leases

Based on Ind AS Transition Facilitation Group (ITFG) Clarification Bulletin 7, leases of property, plant and equipment where the Company, as a lessee, has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of lease at fair value of the leased property or, if lower, the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term, if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating lease.

s) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

t) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

u) Investments and Other financial assets

i) Classification:

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through statement of profit and loss), and
- Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

ii) Measurement:

At initial recognition, the Company measures a financial asset at its fair value plus (in the case of a financial asset not a fair value through profit or loss) transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

(A) Debt Instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

#### Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the Statement of Profit and Loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

#### Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at Fair Value Through Profit or Loss (FVTPL). A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

#### (B) Equity instruments:

Subsequent to initial recognition, the Company measures all investments in equity (except of the subsidiaries / associates) at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there will be no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Company's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately. Where the Company elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

#### Investment in subsidiaries / associates:

Investment in subsidiaries / associates are measured at cost less provision for impairment.

#### Impairment of financial assets:

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 34(A) details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognised from initial recognition of the receivables.

#### De-recognition of financial assets:

A financial asset is derecognised only when:

- a) the Company has transferred the rights to receive cash flows from the financial asset or
- b) the Company retains the contractual rights to receive the cash flows of the financial asset, but expects a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised, if the Company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

#### v) **Borrowings**

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss as other gain / (loss).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for over or at least 12 months after the reporting period.

#### w) Borrowing cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

#### x) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are included in current / non-current liabilities as deferred income and are credited to profit or loss as and when the obligations are fulfilled.

#### y) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for atleast twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. In Company's considered view, twelve months is its operating cycle.

#### z) Recent accounting pronouncements

The Ministry of Corporate Affairs has notified Ind AS 116 Leases, which is applicable to the Company from accounting periods beginning 1<sup>st</sup> April 2019. This Standard changes the classification and accounting for leases and also provides transition guidance. The Company expects the Standard to affect the accounting for assets that are taken on operating lease and is currently in the process of assessing the impact of this Standard on its transactions.

## Sundaram-Clayton Limited

### Notes to Financial Statements

#### 2. PROPERTY, PLANT & EQUIPMENT

(Rupees in crores)

Description	Property, Plant & Equipment							
	Freehold land	Lease hold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total
	1	2	3	4	5	6	7	8
Gross block								
As at 01-04-2017	9.77	10.39	97.90	473.04	4.94	7.91	1.75	605.70
Additions	–	1.03	7.96	200.93	0.72	3.10	0.62	214.36
Sub-total	9.77	11.42	105.86	673.97	5.66	11.01	2.37	820.06
Sales / deletion	–	–	–	(21.70)	–	(0.74)	(0.16)	(22.60)
<b>Total</b>	<b>9.77</b>	<b>11.42</b>	<b>105.86</b>	<b>652.27</b>	<b>5.66</b>	<b>10.27</b>	<b>2.21</b>	<b>797.46</b>
Depreciation								
Upto 31-03-2017	–	0.12	6.93	101.15	1.09	3.20	0.55	113.04
For the year	–	–	3.67	64.80	0.68	1.93	0.37	71.45
Amortisation	–	0.13	–	–	–	–	–	0.13
Sub-total	–	0.25	10.60	165.95	1.77	5.13	0.92	184.62
Withdrawn on assets sold / deleted	–	–	–	(2.66)	–	(0.71)	(0.15)	(3.52)
<b>Total</b>	<b>–</b>	<b>0.25</b>	<b>10.60</b>	<b>163.29</b>	<b>1.77</b>	<b>4.42</b>	<b>0.77</b>	<b>181.10</b>
Net Carrying amount								
<b>As at 31-03-2018</b>	<b>9.77</b>	<b>11.17</b>	<b>95.26</b>	<b>488.98</b>	<b>3.89</b>	<b>5.85</b>	<b>1.44</b>	<b>616.36</b>

#### CAPITAL WORK-IN-PROGRESS (AT COST)

	<b>2017-18</b>	<b>2016-17</b>
(a) Building	5.91	0.61
(b) Plant & equipment	76.54	36.04
(c) Others	0.01	0.22
<b>Total</b>	<b>82.46</b>	<b>36.87</b>

Description	Property, Plant & Equipment							
	Freehold land	Lease hold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total
	1	2	3	4	5	6	7	8
Gross block								
As at 01-04-2018	9.77	11.42	105.86	652.27	5.66	10.27	2.21	797.46
Additions	–	–	49.11	165.22	2.36	3.09	1.59	221.37
Sub-total	9.77	11.42	154.97	817.49	8.02	13.36	3.80	1,018.83
Sales / deletion	–	–	(0.12)	(7.99)	–	(1.02)	(0.60)	(9.73)
<b>Total</b>	<b>9.77</b>	<b>11.42</b>	<b>154.85</b>	<b>809.50</b>	<b>8.02</b>	<b>12.34</b>	<b>3.20</b>	<b>1,009.10</b>
Depreciation								
Upto 31-03-2018	–	0.25	10.60	163.29	1.77	4.42	0.77	181.10
For the year	–	–	4.98	81.63	0.81	2.58	0.50	90.50
Amortisation	–	0.13	–	–	–	–	–	0.13
Sub-total	–	0.38	15.58	244.92	2.58	7.00	1.27	271.73
Withdrawn on assets sold / deleted	–	–	(0.03)	(6.11)	–	(0.97)	(0.57)	(7.68)
<b>Total</b>	<b>–</b>	<b>0.38</b>	<b>15.55</b>	<b>238.81</b>	<b>2.58</b>	<b>6.03</b>	<b>0.70</b>	<b>264.05</b>
Net Carrying amount								
<b>As at 31-03-2019</b>	<b>9.77</b>	<b>11.04</b>	<b>139.30</b>	<b>570.69</b>	<b>5.44</b>	<b>6.31</b>	<b>2.50</b>	<b>745.05</b>

#### CAPITAL WORK-IN-PROGRESS (AT COST)

	<b>2018-19</b>	<b>2017-18</b>
(a) Building	1.13	5.91
(b) Plant & equipment	7.93	76.54
(c) Others	4.14	0.01
<b>Total</b>	<b>13.20</b>	<b>82.46</b>

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 3. INTANGIBLE ASSETS:

(Rupees in crores)

Description	Software
Gross block	
As at 01-04-2017	4.04
Additions	0.86
Sub-total	4.90
Sales / deletion	(0.08)
<b>Total</b>	<b>4.82</b>
Depreciation	
Upto 31-03-2017	2.17
For the year	1.63
Amortisation	–
Sub-total	3.80
Withdrawn on assets sold / deleted	(0.03)
<b>Total</b>	<b>3.77</b>
Net Carrying amount	
<b>As at 31-03-2018</b>	<b>1.05</b>

Description	Software
Gross block	
As at 01-04-2018	4.82
Additions	2.80
Sub-total	7.62
Sales / deletion	(0.01)
<b>Total</b>	<b>7.61</b>
Depreciation	
Upto 31-03-2018	3.77
For the year	1.56
Amortisation	–
Sub-total	5.33
Withdrawn on assets sold / deleted	(0.01)
<b>Total</b>	<b>5.32</b>
Net Carrying amount	
<b>As at 31-03-2019</b>	<b>2.29</b>

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 4. INVESTMENTS:

Sl. No.	Name of the body corporate	Subsidiary / associate	No. of shares / units		Face Value	Currency	Extent of holding (%)	Rupees in crores		
			As at 31-03-2019	As at 31-03-2018				As at 31-03-2019	As at 31-03-2019	As at 31-03-2018
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
<b>(a)</b>	<b>Investment in Equity Instruments fair valued through OCI*</b>									
	<b>Quoted :</b>									
(i)	Suprajit Engineering Limited, Bengaluru		57,72,000	57,72,000	1.00	INR		141.30	160.75	
(ii)	Harita Seating Systems Limited, Chennai		7,280	7,280	10.00	INR		0.33	0.72	
	<b>Unquoted :</b>									
(iii)	Green Infra BTV Limited, New Delhi (formerly known as TVS Energy Limited) ®		45,00,000	45,00,000	10.00	INR		4.50	4.50	
(iv)	Sai Regency Power Corporation Private Limited, Chennai ®		3,75,000	3,75,000	10.00	INR		0.38	0.38	
(v)	Adyar Property Holding Company Limited, Chennai (Cost ₹ 6,825) ®		105	105		INR		-	-	
	<b>Private equity instruments #:</b>									
(vi)	TVS Shriram Growth fund Scheme 1A of TVS Capital Funds Limited, Chennai		4,480	37,256	1,000.00	INR		0.19	1.71	
(vii)	TVS Shriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai		24,306	45,913	1,000.00	INR		8.44	11.37	
(viii)	TVS Shriram Growth fund 3 of TVS Capital Funds Limited, Chennai		20,000	-	1,000.00	INR		2.00	2.00	
	<b>Investments in Equity Instruments AT COST*</b>									
	<b>Quoted:</b>									
(ix)	TVS Motor Company Limited, Chennai	Subsidiary	27,26,82,786	27,26,82,786	1.00	INR	57.40%	19.59	19.59	
	<b>Unquoted:</b>									
(x)	Sundaram-Clayton (USA) Limited, Illinois, USA (Cost ₹ 5,572)	Subsidiary	100	100	1.00	USD	100.00%	-	-	
(xi)	Sundaram Holding USA Inc., Delaware, USA	Subsidiary	1,30,00,000	80,00,000	1.00	USD	25.00%	86.01	52.16	
(xii)	TVS Training and Services Limited, Chennai	Associate	27,63,359	27,63,359	10.00	INR	30.53%	2.76	2.76	
(xiii)	Sundaram Non Conventional Energy Systems Limited, Chennai	Associate	1,17,650	1,17,650	10.00	INR	23.53%	0.12	0.12	
(xiv)	TVS Credit Services Limited, Chennai	Subsidiary	21,80,250	21,80,250	10.00	INR	1.31%	17.01	17.01	
	<b>Total value of Equity Instruments (a)</b>							<b>282.63</b>	<b>273.07</b>	
<b>(b)</b>	<b>Other non-current Investments</b>									
(i)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai					INR		2.78	2.73	
(ii)	Life Insurance Corporation Pension Policy, Chennai					INR		9.58	5.32	
(iii)	5 Years National Savings Certificates VIII Issue (in the name of nominee) - Face Value - ₹ 10,000					INR		-	-	
(iv)	Tulsyan NEC Limited, Chennai ®		1,21,875	1,21,875	10.00	INR		0.37	0.37	
	<b>Total value of Other non-current Investments (b)</b>							<b>12.73</b>	<b>8.42</b>	
	<b>Total (a) + (b)</b>							<b>295.36</b>	<b>281.49</b>	
	Aggregate amount of quoted investments and market value thereof							12,982.26	17,048.71	
	Aggregate amount of unquoted investments							134.14	100.43	
	Aggregate amount of impairment in value of investments							(2.22)	-	
	<b>Total</b>							<b>13,114.18</b>	<b>17,149.14</b>	

\* All investments are fully paid up except investment in Adyar Property Holding Company Limited, Chennai.

# The values have been arrived using the management's best estimate of the fair value of the fund. These values may not materially differ from the actuals.

® Cost treated as Fair value

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

	As at 31-03-2019	As at 31-03-2018
<b>5 OTHER FINANCIAL ASSETS</b>		
<b>Non-current</b>		
Rental deposits	11.55	11.15
Derivatives (Forwards, POS, Call spread, IRS)	5.41	0.82
<b>Total other financial assets</b>	<b>16.96</b>	<b>11.97</b>
<b>Current</b>		
<u>Unsecured, Considered Good :</u>		
Employee Advances*	2.26	2.35
Claims receivable	3.27	3.08
Derivatives (Forwards, POS, Call spread, IRS)	2.75	1.62
Duty Drawback receivable	3.31	1.65
<b>Total other financial assets</b>	<b>11.59</b>	<b>8.70</b>
* includes dues from officers	-	0.11

### 6 DEFERRED TAX LIABILITIES / (ASSETS)

The balance comprises temporary differences attributable to:

Depreciation	67.94	56.65
Employee benefits	(8.17)	(9.98)
Financial assets & Financial liabilities	(8.09)	0.19
MAT Credit	(31.68)	(32.02)
Others (Including Carried forward loss)	(40.31)	(34.93)
<b>Total deferred tax liabilities / (assets)</b>	<b>(20.31)</b>	<b>(20.09)</b>

#### Movement in deferred tax liabilities / (assets)

Particulars	Depreciation	Employee benefits	Financial assets & Financial liabilities	MAT Credit	Others (Including Carried forward loss)	Total
<b>At April 1, 2018</b>	<b>56.65</b>	<b>(9.98)</b>	<b>0.19</b>	<b>(32.02)</b>	<b>(34.93)</b>	<b>(20.09)</b>
(Charged)/credited:						
- to statement of profit and loss	11.29	0.80	(3.93)	0.34	(5.38)	3.12
- to other comprehensive income	-	1.01	(4.35)	-	-	(3.34)
<b>At March 31, 2019</b>	<b>67.94</b>	<b>(8.17)</b>	<b>(8.09)</b>	<b>(31.68)</b>	<b>(40.31)</b>	<b>(20.31)</b>

### 7 OTHER NON-CURRENT ASSETS

Capital advances	9.61	5.71
<b>Advances - other than capital advances:</b>		
Statutory and other deposits	11.37	9.40
Prepaid expenses	4.31	2.91
<b>Total other non-current assets</b>	<b>25.29</b>	<b>18.02</b>



## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

	(Rupees in crores)	
	As at 31-03-2019	As at 31-03-2018
<b>8 INVENTORIES</b> (at weighted average cost or net realisable value whichever is less)		
Raw materials and components	30.23	35.24
Goods-in-transit - Raw materials and components	12.65	13.74
Work-in-process	11.67	42.07
Finished goods	159.04	122.40
Stores and spares	118.17	147.87
<b>Total Inventories</b>	<b>331.76</b>	<b>361.32</b>
<b>9 TRADE RECEIVABLES</b> (Refer Note 36(viii))		
Unsecured, considered good	216.27	289.76
Less: Loss Allowance	1.91	1.19
<b>Total</b>	<b>214.36</b>	<b>288.57</b>
<b>10 CASH AND CASH EQUIVALENTS</b>		
Balances with banks	1.43	0.99
Cash on hand	0.09	0.17
<b>Total cash and cash equivalents</b>	<b>1.52</b>	<b>1.16</b>
<b>11 OTHER BANK BALANCES</b>		
Earmarked balances with banks (for unpaid dividend)	1.73	0.79
<b>Total Other Bank balances</b>	<b>1.73</b>	<b>0.79</b>
<b>12 OTHER CURRENT ASSETS</b>		
Indirect taxes receivable	2.42	18.99
Balance with indirect tax authorities	-	27.51
Prepaid expense	9.53	8.85
Vendor advances	7.31	6.04
Export incentives receivable	19.16	25.94
<b>Total other current assets</b>	<b>38.42</b>	<b>87.33</b>

### 13 SHARE CAPITAL

(a) Details of authorised, issued and subscribed share capital

Particulars	As at 31-03-2019		As at 31-03-2018	
	Number	Rupees in crores	Number	Rupees in crores
Authorised Capital				
Equity Shares of ₹ 5/- each	5,00,00,000	25.00	5,00,00,000	25.00
Issued, Subscribed & Paid up Capital				
Equity Shares of ₹ 5/- each fully paid	2,02,32,085	10.12	2,02,32,085	10.12
	2,02,32,085	10.12	2,02,32,085	10.12

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31-03-2019		As at 31-03-2018	
	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	2,02,32,085	10.12	2,02,32,085	10.12
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	2,02,32,085	10.12	2,02,32,085	10.12

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 13 SHARE CAPITAL - (continued)

(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, 2013.

(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 2019**

Name of Shareholder	Relationship	Class of share	As at 31-03-2019		As at 31-03-2018	
			Number of Shares held	% of Holding	Number of Shares held	% of Holding
T V Sundram Iyengar & Sons Pvt Ltd- Madurai	Holding Company	Equity	38,07,330	18.82	38,07,330	18.82
Sundaram Industries Pvt Ltd- Madurai	Fellow Subsidiary	Equity	60,62,522	29.96	60,62,522	29.96
Southern Roadways Limited- Madurai	Fellow Subsidiary	Equity	30,31,127	14.98	30,31,127	14.98

(e) **Details of shareholders holding more than five percent at the end of 31<sup>st</sup> March 2019 (other than 13 (d)) above**

Name of Shareholder	Class of share	As at 31-03-2019		As at 31-03-2018	
		Number of Shares held	% of Holding	Number of Shares held	% of Holding
Sundaram Finance Holdings Limited- Chennai	Equity	22,73,081	11.24	22,73,081	11.24

#### 14 OTHER EQUITY

Reserves and surplus	As at March 31, 2019	As at March 31, 2018
General reserve	224.84	224.84
Securities Premium reserve	36.42	36.42
Retained earnings	272.92	226.09
Other reserves	144.40	166.53
<b>Total reserves and surplus</b>	<b>678.58</b>	<b>653.88</b>

#### 15 LONG TERM BORROWINGS

Description	No. of instalments due	Frequency	Maturity	As at 31-03-2019	As at 31-03-2018
<u>Secured:</u>					
Rupee Term loan I	12	Quarterly	Dec-23	99.90	64.88
Rupee Term loan III	-	Bullet payment	Mar-21	-	65.00
Foreign Currency Non-resident Borrowings (FCNR(B)) I	6	Half yearly	Sep-22	82.99	78.21
Foreign Currency Non-resident Borrowings (FCNR(B)) II	-	Bullet payment	Mar-21	69.16	-
External Commercial Borrowing I (ECB I)		Bullet payment	Oct-18, Nov-18 & Mar-19	-	78.03
External Commercial Borrowing II (ECB II)	6	Half yearly	May-22	68.76	64.65
External Commercial Borrowing III (ECB III)	12	Quarterly	Feb-24	102.77	-
<u>Unsecured:</u>					
Soft loan		Yearly		0.67	1.31
Buyer's Credit	-	Bullet payment	Jul-19	4.27	4.02
<b>Total Borrowings :</b>				<b>428.52</b>	<b>356.10</b>
Less : Current Maturities of long-term borrowings (Refer Note No. 19)				44.88	78.03
<b>Total Long-term Borrowings</b>				<b>383.64</b>	<b>278.07</b>

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 15 LONG TERM BORROWINGS - (continued)

Details of securities offered against charge:

- (i) Rupee Term Loan I, FCNR(B) & ECB loans:  
Secured by first and exclusive charge on specific plant and equipments of the Company.  
ECB Loan III : Charge creation is under process.
- (ii) Soft loan is repayable in 5 yearly instalments, "from the commencement of 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 other than bullet repayments:

Description	Currency	Amount	Interest
Rupee Term loan I	INR	8.34 Crores	SBI MCLR plus Margin
Foreign Currency Non-resident Borrowings (FCNR(B)) I	USD	2 Million	Overnight LIBOR plus Margin
External Commercial Borrowing II (ECB II)	USD	1.67 Million	6 Month LIBOR plus Margin
External Commercial Borrowing III (ECB III)	USD	1.25 Million	3 Month LIBOR plus Margin

#### 16 PROVISIONS

Particulars	March 31, 2019		March 31, 2018	
	Current	Non-current	Current	Non-current
Employee benefits (Refer Note 32)				
(a) Pension	0.48	16.73	8.14	15.36
(b) Leave salary	0.79	4.43	0.55	2.91
(c) Gratuity	0.94	–	1.87	–
	2.21	21.16	10.56	18.27
Others				
(a) Warranty	5.64	–	4.86	–
(b) Sales tax	–	1.95	–	1.95
(c) Disputed tax provided for	13.21	–	12.98	–
<b>Total</b>	<b>21.06</b>	<b>23.11</b>	<b>28.40</b>	<b>20.22</b>

Particulars	Warranty	Sales tax	Disputed tax provided for
Opening balance as on 01.04.2018	4.86	1.95	12.98
Additional provisions made during the year	0.78	–	0.23
Amounts utilised	–	–	–
Closing balance as on 31.03.2019	5.64	1.95	13.21

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

	(Rupees in crores)	
	As at 31-03-2019	As at 31-03-2018
<b>17 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)</b>		
Repayable on demand from banks		
Secured	127.17	189.88
Unsecured	168.00	119.53
<b>Total Borrowings under Current Liabilities</b>	<b>295.17</b>	<b>309.41</b>
Details of securities created for loans repayable on demand:		
First charge by way of hypothecation and / or pledge of all current assets viz., inventories of raw materials, semi finished and finished goods, stores and spares, bills receivable, book debts and all other current assets		
<b>18 TRADE PAYABLES</b>		
Current		
Dues to Micro and Small Enterprises **	3.51	12.26
Dues to enterprises other than Micro and Small Enterprises	214.81	366.23
<b>Total trade payables</b>	<b>218.32</b>	<b>378.49</b>
** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same. Refer Note - 36(vii)		
<b>19 OTHER FINANCIAL LIABILITIES</b>		
<b>Non current</b>		
Derivatives	8.31	2.79
<b>Current</b>		
Current Maturities of long term borrowings		
(i) Buyer's Credit	4.27	-
(ii) Rupee Term loan I	8.34	-
(iii) Foreign Currency Non-resident Borrowings (FCNR(B)) I	13.83	-
(iv) External Commercial Borrowing II (ECB II )	18.44	78.03
	<b>44.88</b>	<b>78.03</b>
Interest accrued but not due on loans	3.80	3.01
Unpaid Dividends	1.73	0.79
Employee related liabilities	26.44	16.56
Liabilities for expenses	1.64	0.36
Derivatives	0.58	2.78
<b>Total other current financial liabilities</b>	<b>79.07</b>	<b>101.53</b>
<b>20 OTHER CURRENT LIABILITIES</b>		
Statutory dues	10.44	5.21
Advance received from customers	3.12	2.11
Government Grant - Deferred income	1.75	3.59
<b>Total other current liabilities</b>	<b>15.31</b>	<b>10.91</b>

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

	Year ended 31.03.2019	(Rupees in crores) Year ended 31.03.2018
<b>21 REVENUE FROM OPERATIONS</b>		
Sale of products	1,746.03	1,573.12
Sale of services	39.07	34.22
Other operating revenue	47.97	64.95
<b>Total revenue</b>	<b><u>1,833.07</u></b>	<b><u>1,672.29</u></b>
<b>22 OTHER INCOME</b>		
Dividend income		
(i) From subsidiary	95.44	89.99
(ii) From others	1.22	1.05
Interest income	2.50	1.96
Increase in Fair value of Financial Assets	0.05	0.99
Gain on foreign currency transactions and translation	-	0.32
Net gain on sale of Investments	0.50	-
Profit on sale of Property, plant & equipment	0.16	0.14
<b>Total other income</b>	<b><u>99.87</u></b>	<b><u>94.45</u></b>
<b>23 COST OF MATERIALS CONSUMED</b>		
Opening stock of raw materials and components	35.24	22.10
Add: Purchases	917.61	876.67
	<u>952.85</u>	<u>898.77</u>
Less: Closing stock of raw materials and components	30.23	35.24
<b>Consumption of raw materials and components</b>	<b><u>922.62</u></b>	<b><u>863.53</u></b>
<b>24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE</b>		
Opening stock:		
Work-in-process	42.07	23.90
Finished goods	122.40	91.11
<b>Total - (A)</b>	<b><u>164.47</u></b>	<b><u>115.01</u></b>
Closing stock:		
Work-in-process	11.67	42.07
Finished goods	159.04	122.40
<b>Total - (B)</b>	<b><u>170.71</u></b>	<b><u>164.47</u></b>
<b>Total (A)-(B)</b>	<b><u>(6.24)</u></b>	<b><u>(49.46)</u></b>

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

	Year ended 31.03.2019	(Rupees in crores) Year ended 31.03.2018
<b>25 EMPLOYEE BENEFITS EXPENSE *</b>		
Salaries, wages and bonus	219.10	193.43
Contribution to provident and other funds	14.74	15.88
Welfare expenses	42.18	40.58
<b>Total employee benefit expense</b>	<b>276.02</b>	<b>249.89</b>
<b>26 FINANCE COSTS</b>		
Interest	54.76	33.43
Other borrowing costs	0.40	0.27
<b>Total finance costs</b>	<b>55.16</b>	<b>33.70</b>
<b>27 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation on Property, Plant and Equipment	90.50	71.45
Amortisation on Intangible assets	1.56	1.63
Amortisation on others	0.13	0.13
<b>Total depreciation and amortisation expense</b>	<b>92.19</b>	<b>73.21</b>
<b>28 OTHER EXPENSES*</b>		
(a) Consumption of stores, spares and tools	87.75	100.64
(b) Power and fuel	125.45	118.13
(c) Rent	22.81	19.52
(d) Repairs - buildings	24.91	21.40
(e) Repairs - plant and equipment	47.47	44.60
(f) Repairs - others	0.80	0.66
(g) Insurance	4.26	4.05
(h) Rates and taxes (excluding taxes on income)	2.36	2.58
(i) Audit fees ( Refer note 36(iv) )	0.55	0.55
(j) Packing and freight charges	66.39	187.63
(k) Warehousing charges	18.92	15.63
(l) Loss on sale of Property, plant & equipment	1.63	0.15
(m) Loss on foreign currency transactions and translation	0.39	-
(n) Corporate social responsibility expenditure (Refer Note 36(v))	0.25	0.25
(o) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or ₹10 lakh, whichever is higher)	58.77	49.91
<b>Total other expenses</b>	<b>462.71</b>	<b>565.70</b>

\* Net of recoveries and claims made

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

	Year ended 31.03.2019	Year ended 31.03.2018
		(Rupees in crores)
<b>29 CURRENT TAX</b>		
Current tax on profits for the year	7.70	–
Adjustments for current tax of prior periods	0.34	(2.06)
<b>Total current tax</b>	<b>8.04</b>	<b>(2.06)</b>
<b>30 DEFERRED TAX</b>		
Decrease (increase) in deferred tax assets	(10.03)	(36.66)
(Decrease) increase in deferred tax liabilities	12.81	9.91
Minimum Alternate Tax (MAT) credit	–	(25.27)
<b>Total deferred tax expense / (benefit)</b>	<b>2.78</b>	<b>(52.02)</b>
<b>Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>		
Profit before tax expense	130.48	0.84
<b>Tax at the Indian tax rate of 34.94% (2017-2018 – 34.61%)</b>	<b>45.59</b>	<b>0.29</b>
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Dividend Income	(33.77)	(31.51)
Other items	(4.12)	(0.80)
Tax credits availed in books / (entitlement)	–	32.02
Adjustments for current tax of prior periods	0.34	(2.06)
Deferred Tax Liability	2.78	(52.02)
<b>Tax expense / (benefit)</b>	<b>10.82</b>	<b>(54.08)</b>
<b>31 EARNINGS PER SHARE</b>		
(a) Basic and diluted earnings per share		
Basic and diluted earnings per share attributable to the equity holders of the Company (₹)	59.14	27.14
(b) Earnings used in calculating earnings per share		
Basic and diluted earnings per share		
Profit attributable to equity holders of the company used in calculating basic earnings per share	119.66	54.92
(c) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	2,02,32,085	2,02,32,085

### 32 EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations	March 31, 2019			March 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
Pension	0.48	16.73	17.21	8.14	15.36	23.50
Leave Salary	0.79	4.43	5.22	0.55	2.91	3.46
Gratuity	0.94	–	0.94	1.87	–	1.87
<b>Total employee benefit obligations</b>	<b>2.21</b>	<b>21.16</b>	<b>23.37</b>	<b>10.56</b>	<b>18.27</b>	<b>28.83</b>

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 32 EMPLOYEE BENEFIT OBLIGATIONS – (continued)

Amount recognised in the Balance sheet and the movements in the net defined benefit obligation / other employee benefits over the years are as follows:

Particulars	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
<b>April 1, 2017</b>	<b>20.25</b>	<b>16.25</b>	<b>4.00</b>	<b>22.28</b>	–	<b>22.28</b>	<b>4.67</b>	–	<b>4.67</b>
Current service cost	1.89	–	1.89	1.03	–	1.03	0.12	–	0.12
Interest expense / (income)	1.49	1.18	0.31	1.48	–	1.48	0.31	–	0.31
Experience (gains) / losses	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	–	–	–	–	–	–	–	–	–
<b>Total amount recognised in statement of profit and loss</b>	<b>3.38</b>	<b>1.18</b>	<b>2.20</b>	<b>2.51</b>	–	<b>2.51</b>	<b>0.43</b>	–	<b>0.43</b>
<i>Remeasurements:</i>									
Return on plan assets, excluding amounts included in interest expense / (income)	–	0.03	(0.03)	–	–	–	–	–	–
(Gain) / loss from change in demographic assumptions	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	(1.47)	–	(1.47)	–	–	–	(0.29)	–	(0.29)
Experience (gains) / losses	0.63	–	0.63	(1.29)	–	(1.29)	(1.35)	–	(1.35)
<b>Total amount recognised in other comprehensive income</b>	<b>(0.84)</b>	<b>0.03</b>	<b>(0.87)</b>	<b>(1.29)</b>	–	<b>(1.29)</b>	<b>(1.64)</b>	–	<b>(1.64)</b>
Employer contribution	–	3.46	(3.46)	–	–	–	–	–	–
Benefit payments	(1.71)	(1.71)	–	–	–	–	–	–	–
<b>March 31, 2018</b>	<b>21.08</b>	<b>19.21</b>	<b>1.87</b>	<b>23.50</b>	–	<b>23.50</b>	<b>3.46</b>	–	<b>3.46</b>

Amount recognised in the Balance sheet and the movements in the net defined benefit obligation / other employee benefits over the years are as follows:

Particulars	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
<b>April 1, 2018</b>	<b>21.08</b>	<b>19.21</b>	<b>1.87</b>	<b>23.50</b>	–	<b>23.50</b>	<b>3.46</b>	–	<b>3.46</b>
Current service cost	1.51	–	1.51	0.28	–	0.28	–	–	–
Interest expense / (income)	1.65	1.57	0.07	1.70	–	1.70	0.31	–	0.31
Experience (gains)/losses	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	–	–	–	–	–	–	–	–	–
<b>Total amount recognised in statement of profit and loss</b>	<b>3.16</b>	<b>1.57</b>	<b>1.59</b>	<b>1.98</b>	–	<b>1.98</b>	<b>0.31</b>	–	<b>0.31</b>
<i>Remeasurements:</i>									
Return on plan assets, excluding amounts included in interest expense/(income)	–	(2.12)	2.12	–	–	–	–	–	–
(Gain)/loss from change in demographic assumptions	–	–	–	–	–	–	–	–	–
(Gain)/loss from change in financial assumptions	(0.90)	–	(0.90)	(0.83)	–	(0.83)	(0.17)	–	(0.17)
Experience (gains) / losses	(3.75)	–	(3.75)	(0.39)	–	(0.39)	3.21	–	3.21
<b>Total amount recognised in other comprehensive income</b>	<b>(4.65)</b>	<b>(2.12)</b>	<b>(2.53)</b>	<b>(1.22)</b>	–	<b>(1.22)</b>	<b>3.04</b>	–	<b>3.04</b>
Employer contribution	–	–	–	–	–	–	–	–	–
Benefit payments	–	–	–	(7.03)	–	(7.03)	(1.59)	–	(1.59)
<b>March 31, 2019</b>	<b>19.59</b>	<b>18.66</b>	<b>0.93</b>	<b>17.21</b>	–	<b>17.21</b>	<b>5.22</b>	–	<b>5.22</b>



## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 32 EMPLOYEE BENEFIT OBLIGATIONS – (continued)

##### (i) Post-Employment benefits

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Details	Gratuity		Pension		Leave salary	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Discount rate	7.71%	7.72%	6.87%	7.72%	7.63%	7.72%
Salary growth rate	5.50%	6.00%	5.50%	6.00%	5.50%	6.00%
Mortality rate	IALM (2006-08) Ultimate					

Assumptions regarding future mortality for pension and medical benefits are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at 58 years.

##### (ii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Gratuity	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Discount rate	0.50%	0.50%	18.76	20.17	20.51	22.07
Salary growth rate	0.50%	0.50%	20.53	22.09	18.74	20.15
Mortality rate	5.00%	5.00%	19.60	21.08	19.59	21.07

Pension	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Discount rate	1.00%	0.50%	15.46	21.84	19.28	23.96
Salary growth rate	1.00%	0.50%	19.37	23.12	15.37	22.60
Mortality rate	5.00%	5.00%	17.01	22.86	17.43	22.85

Leave salary	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Discount rate	0.50%	0.50%	5.02	3.29	5.44	3.66
Salary growth rate	0.50%	0.50%	5.44	3.67	5.02	3.28
Mortality rate	5.00%	5.00%	5.22	3.47	5.22	3.46

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability recognised in the balance sheet.

##### (iii) Risk exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

**Asset volatility:** The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The company intends to maintain the above investment mix in the continuing years.

**Changes in bond yield:** A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yields increase in the value of the plans' bond holdings.

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

**Inflation risks:** In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

**Life expectancy:** The pension plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

### 33 FAIR VALUE MEASUREMENTS

#### Financial instruments by category

(Rupees in crores)

Particulars	March 31, 2019			March 31, 2018		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Investments						
- Equity instruments	-	157.14	-	-	181.43	-
- Preference shares	-	-	-	-	-	-
- Others	-	-	12.73	-	-	8.42
Trade receivables	-	-	214.36	-	-	288.57
Balances with Banks	-	-	3.16	-	-	1.78
Derivative financial assets	5.41	2.75	-	0.82	1.62	-
Security deposits	-	-	11.55	-	-	11.15
Other financial assets	-	-	5.53	-	-	5.43
<b>Total financial assets</b>	<b>5.41</b>	<b>159.89</b>	<b>247.33</b>	<b>0.82</b>	<b>183.05</b>	<b>315.35</b>
<b>Financial liabilities</b>						
Trade payables	-	-	218.32	-	-	378.49
Borrowings – Current	-	-	295.17	-	-	309.41
Borrowings – Non Current	-	-	383.64	-	-	278.07
Current Maturities of long term borrowings	-	-	44.88	-	-	78.03
Derivative financial liabilities	8.31	0.58	-	5.48	0.09	-
Other financial liabilities	-	-	33.61	-	-	20.72
<b>Total financial liabilities</b>	<b>8.31</b>	<b>0.58</b>	<b>975.62</b>	<b>5.48</b>	<b>0.09</b>	<b>1,064.72</b>

#### (i) Fair value hierarchy

This Section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

#### Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2019	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<b>Financial assets at FVTPL:</b>					
Investments					
- Preference shares	4	-	-	-	-
Derivative financial asset	5	-	5.41	-	5.41
<b>Financial assets at FVOCI:</b>					
Investments					
- Equity instruments	4	141.63	10.63	4.88	157.14
- Others		-	-	-	-
Derivative financial asset	5	-	2.75	-	2.75
<b>Total financial assets</b>		<b>141.63</b>	<b>18.79</b>	<b>4.88</b>	<b>165.30</b>
<b>Financial liabilities</b>					
<b>Financial liabilities at FVTPL:</b>					
Derivative financial liability	19	-	8.31	-	8.31
<b>Financial liabilities at FVOCI:</b>					
Derivative financial liability	19	-	0.58	-	0.58
<b>Total financial liabilities</b>		<b>-</b>	<b>8.89</b>	<b>-</b>	<b>8.89</b>

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### Assets and liabilities which are measured at amortised cost for which fair values are disclosed (Rupees in crores)

At 31 March 2019	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Investments					
- Others	4	-	-	12.73	12.73
<b>Total financial assets</b>		-	-	<b>12.73</b>	<b>12.73</b>
<b>Financial Liabilities</b>					
Borrowings	15, 17, 19	-	-	723.69	723.69
<b>Total financial liabilities</b>		-	-	<b>723.69</b>	<b>723.69</b>

#### Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2018	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<b>Financial assets at FVTPL:</b>					
Investments					
- Preference shares	4	-	-	-	-
Derivative financial asset	5	-	0.82	-	0.82
<b>Financial Investments at FVOCI:</b>					
Investments					
- Equity instruments	4	161.47	15.08	4.88	181.43
- Others		-	-	-	-
Derivative financial asset	5	-	1.62	-	1.62
<b>Total financial assets</b>		<b>161.47</b>	<b>17.52</b>	<b>4.88</b>	<b>183.87</b>
<b>Financial liabilities</b>					
<b>Financial Investments at FVTPL:</b>					
Derivative financial liability	19	-	5.48	-	5.48
<b>Financial Investments at FVOCI:</b>					
Derivative financial liability	19	-	0.09	-	0.09
<b>Total financial liabilities</b>		-	<b>5.57</b>	-	<b>5.57</b>

#### Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2018	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Investments					
- Others	4	-	-	8.42	8.42
<b>Total financial assets</b>		-	-	<b>8.42</b>	<b>8.42</b>
<b>Financial Liabilities</b>					
Borrowings	15, 17, 19	-	-	665.51	665.51
<b>Total financial liabilities</b>		-	-	<b>665.51</b>	<b>665.51</b>

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

#### (ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principle only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

FVTPL - Fair value through statement of Profit and Loss; FVOCI - Fair value through Other Comprehensive Income

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 34 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Risk Parameters and Mitigation
Market Risk - Foreign exchange		<ul style="list-style-type: none"> <li>i) The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions.</li> <li>ii) Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).</li> <li>iii) The risk is measured through a forecast of highly probable foreign currency cash flows. The Company has a forex management policy which is duly approved by the Board.</li> <li>iv) The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.</li> </ul>
Market Risk - Interest rate	Foreign currency denominated borrowings	<ul style="list-style-type: none"> <li>i) The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow risk.</li> <li>ii) Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps. The Company's fixed rate borrowings are carried at amortised cost.</li> <li>iii) Foreign currency borrowings are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.</li> </ul>
Liquidity Risk	Borrowings [Other than soft loans given by Govt. Authorities]	<ul style="list-style-type: none"> <li>i) The company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.</li> <li>ii) The Company prepares a detailed annual operating plans to assess the fund requirements - both short term and long term.</li> <li>iii) Detailed monthwise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance.</li> <li>iv) Company has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board.</li> <li>v) For long term fund requirements, Company targets various options such as rupee term loan, external commercial borrowing, debentures etc.</li> <li>vi) The Company obtains a credit rating for the various borrowing facilities on an annual basis. Company constantly monitors the free cashflow from operations to ensure that the borrowing is minimized.</li> </ul>
Credit Risk		<ul style="list-style-type: none"> <li>i) Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost.</li> <li>ii) The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.</li> <li>iii) To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.</li> <li>iv) It considers available reasonable and supportive forward-looking information (more specifically described below).</li> <li>v) A default on a financial asset is when the counterparty fails to make contractual payments within 180 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.</li> </ul>
a.	Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
b.	Domestic Trade Receivables	<ul style="list-style-type: none"> <li>i) The Company extends credit to the customers and such extension of credit is based on customers' credit worthiness, ability to repay and past track record.</li> <li>ii) The Company has extensive reporting systems and review to constantly monitor the receivables.</li> </ul>
c.	Export Trade Receivables	The Company's export customers are Original Equipment Manufacturers with high credit rating. Export receivables are also covered through Insurance with Export Credit Guarantee Corporation of India Limited.

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 34 FINANCIAL RISK MANAGEMENT – (continued)

Risk	Exposure arising from	Risk Parameters and Mitigation
Export trade receivables and Import Payables		i) The company has a forex management policy duly approved by the Board. The Company's policy is to hedge most of its net currency exposure. ii) Company reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements are strictly adhered.
Foreign currency denominated borrowings		The Company has hedged its borrowings by covering the principal repayments using Principal Only Swaps and cost reduction structure viz., Call Spread under the approved Forex management policy.

#### (A) Credit risk

##### Basis of recognition of expected credit loss & providing for such loss

Rating	Category	Description of category	Investments	Loans and deposits	Trade receivables
1	High Quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	12 month expected credit losses		Life time expected credit losses (simplified approach)
2	Quality assets, low credit risk	Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.			
3	Standard Assets, moderate credit risk	Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.			
4	Substandard Assets, relatively high credit risk	Assets where there has been a significant increase in credit risk since initial recognition.	Life time expected credit losses		
5	Low quality assets, very high credit risk	Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.			
6	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit and loss.	Asset is written off		

31-Mar-19

#### a) Expected credit loss for investments, loans and other financial assets

(Rupees in crores)

Particulars	Internal rating	Asset/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	1	Investments at amortised cost	12.73	–	–	12.73
	1	Other financial assets	17.08	–	–	17.08

#### b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	214.36	1.91	216.27
Expected loss rate	–	100%	–
Expected credit losses	–	1.91	1.91
Carrying amount of trade receivables	214.36	–	214.36

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 34 FINANCIAL RISK MANAGEMENT – (continued)

31-Mar-18

##### a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	1	Investments at amortised cost	8.42	–	–	8.42
	1	Other financial assets	16.58	–	–	16.58

##### b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	288.57	1.19	289.76
Expected loss rate	–	100%	–
Expected credit losses	–	1.19	1.19
Carrying amount of trade receivables	288.57	–	288.57

##### Reconciliation of loss allowance provision - Trade receivables

Loss allowance March 31, 2017	0.48
Changes in loss allowance	0.71
Loss allowance March 31, 2018	1.19
Changes in loss allowance	0.72
Loss allowance March 31, 2019	1.91

#### (B) Liquidity risk

##### (i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31-Mar-19	31-Mar-18
Floating rate - Expiring within one year (bank overdraft and other facilities)	575.83	428.09

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity ranging from 30 to 180 days.

##### (ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

31-Mar-19

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	298.05	12.10	33.69	383.65	–	727.49
Trade payables	218.32	–	–	–	–	218.32
Other financial liabilities	23.78	–	6.03	–	–	29.81
Derivatives	0.58	–	–	8.31	–	8.89

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 34 FINANCIAL RISK MANAGEMENT – (continued)

31-Mar-18

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	310.76	0.44	80.56	276.76	–	668.52
Trade payables	378.49	–	–	–	–	378.49
Other financial liabilities	7.87	–	9.84	–	–	17.71
Derivatives	0.67	–	2.11	2.79	–	5.57

#### (C) Market risk

##### i) Foreign exchange risk

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

Particulars	31-03-2019		31-03-2018	
	USD	EUR	USD	EUR
<b>Financial assets</b>				
Trade receivables	59.16	40.92	74.55	41.81
Derivatives	6.51	1.65	2.41	0.02
<b>Exposure to foreign currency risk (assets)</b>	<b>65.67</b>	<b>42.57</b>	<b>76.96</b>	<b>41.83</b>
<b>Financial liabilities</b>				
Foreign currency loan	329.29	–	221.60	–
Trade payables	69.92	10.47	114.37	28.89
Derivatives	8.88	–	4.95	0.63
<b>Exposure to foreign currency risk (liabilities)</b>	<b>408.09</b>	<b>10.47</b>	<b>340.92</b>	<b>29.52</b>
<b>Net Exposure to foreign currency risk assets / (liabilities)</b>	<b>(342.42)</b>	<b>32.10</b>	<b>(263.96)</b>	<b>12.31</b>

#### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

Particulars	Impact on profit after tax*		Impact on other components of equity*	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
USD sensitivity				
INR / USD Increases by 10%	(30.52)	(23.53)	0.04	0.04
INR / USD Decreases by 10%	30.52	23.53	(0.04)	(0.04)
EURO sensitivity				
INR / EURO Increases by 10%	2.85	1.09	0.01	0.01
INR / EURO Decreases by 10%	(2.85)	(1.09)	(0.01)	(0.01)

\* Holding all other variables constant

##### ii) Interest Rate risk

For short term borrowings the marginal cost of lending rate of the bank is followed. In respect of foreign currency borrowings for longer period, the interest rates are covered through interest rate swaps (IRS).

Particulars	31-Mar-19	31-Mar-18
Variable rate borrowings	395.07	439.29
Fixed rate borrowings	328.62	226.22

Sensitivity	Impact on profit after tax	
	31-Mar-19	31-Mar-18
Increase in interest rates by 100 bps	(3.52)	(3.91)
Decrease in interest rates by 100 bps	3.52	3.91

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 34 FINANCIAL RISK MANAGEMENT – (continued)

##### iii) Price risk

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through other comprehensive income or at fair value through statement of profit and loss. To manage its price risk from investments in equity securities, the Company diversifies its portfolio. The impact of the changes in price risk is not material.

#### (D) Impact of hedging activities

##### i) Disclosure of effects of hedge accounting on financial position

##### a) Disclosure of effects of hedge accounting on financial position as at 31-03-2019

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Foreign exchange forward contracts	73.84	29.95	2.58	0.58	Apr'19 to Jul'19	1.86	(1.86)
Principal only swaps, interest rate swaps (IRS) & Call Spread	–	327.95	5.58	8.31	Apr'19 to Feb'24	1.22	(1.22)

##### b) Disclosure of effects of hedge accounting on financial position as at 31-03-2018

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Foreign exchange forward contracts	81.64	59.37	0.82	0.67	Apr'18 to Aug'18	(1.46)	1.46
Principal only swaps, interest rate swaps (IRS) & Call spread	–	224.91	1.62	5.57	Apr'18 to Sep '22	1.75	(1.75)

##### ii) Disclosure of effects of hedge accounting on financial performance :

##### a) for the year 31-03-2019

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts & IRS	(4.12)	–	–	–

##### b) for the year 31-03-2018

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts & IRS	(0.57)	–	–	–



## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 34 FINANCIAL RISK MANAGEMENT – (continued)

Movements in Cash flow hedging reserve

Particulars	Forward contracts	Interest rate swap	Total
<b>Opening balance as at March 31, 2017</b>	<b>0.05</b>	<b>0.32</b>	<b>0.37</b>
Change in fair value of hedging instruments	0.47	(1.04)	(0.57)
Reclassification to statement of profit and loss	–	–	–
Deferred tax on the above	(0.16)	0.36	0.20
<b>Closing balance as at March 31, 2018</b>	<b>0.36</b>	<b>(0.36)</b>	<b>(0.00)</b>
Change in fair value of hedging instruments	0.26	(4.38)	(4.12)
Reclassification to statement of profit and loss	–	–	–
Deferred tax on the above	(0.09)	0.79	0.70
<b>Closing balance as at March 31, 2019</b>	<b>0.53</b>	<b>(3.95)</b>	<b>(3.42)</b>

#### 35 CAPITAL MANAGEMENT

##### (a) Risk management

The Company's objectives in regard to managing capital are

- safeguard its status as a going concern
- to ensure returns to shareholders
- to ensure benefits to stakeholders

In order to maintain optimum capital structure, the board may

- increase the capital by fresh issue of shares or
- reduce the same by return to equity holders
- vary the equity by increasing or reducing the quantum of dividend

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt divided by total equity

Gearing ratio refers to the level of a company's debt compared to its total equity.

The Company's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

Particulars	31-Mar-19	31-Mar-18
Net debt	722	664
Total equity	689	664
<b>Net debt to equity ratio</b>	<b>105%</b>	<b>100%</b>

##### (b) Dividends

Particulars	31-Mar-19	31-Mar-18
Equity shares:		
First Interim dividend paid for the year ended 31.03.2018 (₹15.00 / share)	–	30.35
First Interim dividend paid for the year ended 31.03.2019 (₹ 20.00 / share)	40.46	–
Second Interim dividend paid for the year ended 31.03.2019 (₹ 16 / share)	32.37	–

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 36 OTHER DISCLOSURES

##### (i) Contingent liabilities

Details	31-Mar-19	31-Mar-18
(i) Claims against the company not acknowledged as debt		
- Income tax	4.35	3.76
- Service tax / Excise	0.83	1.60
- Value Added Tax	0.22	0.22
(ii) Guarantees excluding Financial Guarantees	0.07	6.64
(iii) Other money for which the Company is contingently liable (includes uncalled money of ₹ 3,675 on partly paid shares of Adyar Property Holding Company Limited, Chennai)	82.79	64.79
<b>Total</b>	<b>88.26</b>	<b>77.01</b>

##### (ii) Capital commitments

Details	31-Mar-19	31-Mar-18
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	90.89	106.24
(ii) Investments (On commitment for capital contribution to TVS Shriram Growth Fund 3 of TVS Capital Funds Limited, Chennai)	18.00	18.00
<b>Total</b>	<b>108.89</b>	<b>124.24</b>

##### (iii) Rental expenses relating to operating Lease

Details	31-Mar-19	31-Mar-18
Minimum lease payments		
- Not later than one year	19.81	17.72
- Later than one year and not later than five years	32.78	48.16
- Later than five years	3.27	7.62
<b>Total</b>	<b>55.86</b>	<b>73.50</b>

##### (iv) Audit Fees

Details	31-Mar-19	31-Mar-18
As statutory auditors	0.42	0.42
Taxation matters	0.08	0.08
Certification matters	0.05	0.05
<b>Total</b>	<b>0.55</b>	<b>0.55</b>

##### (v) Expenditure incurred on Corporate Social Responsibility activities:

Details	31-Mar-19	31-Mar-18
(a) Gross amount required to be spent by the Company during the year	0.12	0.97
(b) Amount spent during the year in cash:		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	0.25	0.25
<b>Total</b>	<b>0.25</b>	<b>0.25</b>

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 36 OTHER DISCLOSURES – (continued)

(vi) Segment Reporting:

This disclosure is given as part of consolidated accounts.

(vii) Details	31-Mar-19	31-Mar-18
Trade payables include amount due to micro and small scale industrial units	3.51	12.26
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)	3.51	12.26
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 payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

(viii) Details	31-Mar-19	31-Mar-18
Considered good - Secured	–	–
Considered good - Unsecured	216.27	289.76
Having significant increase in credit risk	–	–
Credit impaired	–	–
<b>Total</b>	<b>216.27</b>	<b>289.76</b>
Loss allowance	1.91	1.19
<b>Total trade receivables</b>	<b>214.36</b>	<b>288.57</b>

(ix) **Research and development expenditure incurred and claimed under Income Tax Act, 1961**

Details	31-Mar-19	31-Mar-18
a) Revenue Expenditure		
Salaries & wages	7.04	6.44
Materials / consumables / spares	0.02	0.01
Software / data processing	0.57	0.43
Power	0.39	0.31
<b>Total - A</b>	<b>8.02</b>	<b>7.19</b>
b) Capital expenditure		
Plant & Equipment (included in total cost of additions of ₹ 197.16 Cr (2017-18) under Plant and Equipment)	–	0.84
Others	0.08	0.05
<b>Total - B</b>	<b>0.08</b>	<b>0.89</b>
<b>Total expenditure (A + B)</b>	<b>8.10</b>	<b>8.08</b>

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 37 RELATED PARTY DISCLOSURES

##### LIST OF RELATED PARTIES

- |                         |   |
|-------------------------|---|
| a) Reporting entity     | Sundaram-Clayton Limited, Chennai (SCL)   |
| b) Holding Company      | T V Sundram Iyengar & Sons Private Limited, Madurai   |
| c) Subsidiary companies | (i) TVS Motor Company Limited, Chennai (TVSM)<br>(ii) Sundaram Auto Components Limited, Chennai - Subsidiary of TVSM<br>(iii) TVS Housing Limited, Chennai - Subsidiary of TVSM<br>(iv) TVS Motor Services Limited, Chennai - Subsidiary of TVSM<br>(v) TVS Credit Services Limited, Chennai (TVSCS) - Subsidiary of TVS Motor Services Limited<br>(vi) Harita Collection Services Private Limited, Chennai - Subsidiary of TVSCS<br>(vii) Harita ARC Private Limited, Chennai - Subsidiary of TVSCS<br>(viii) TVS Micro Finance Private Limited, Chennai - Subsidiary of TVSCS<br>(ix) TVS Commodity Financial Solutions Private Limited, Chennai - Subsidiary of TVSCS<br>(x) TVS Two Wheeler Mall Private Limited, Chennai - Subsidiary of TVSCS<br>(xi) TVS Housing Finance Private Limited, Chennai - Subsidiary of TVSCS<br>(xii) Sundaram Holding USA, INC., Delaware USA -<br>Subsidiary of Sundaram Auto Components Limited<br>(xiii) Green Hills Land Holding LLC, South Carolina, USA -<br>Subsidiary of Sundaram Holding USA, Inc.<br>(xiv) Components Equipment Leasing LLC, South Carolina, USA -<br>Subsidiary of Sundaram Holding USA, Inc.<br>(xv) Sundaram-Clayton (USA), LLC, South Carolina, USA -<br>Subsidiary of Sundaram Holding USA, Inc.<br>(xvi) Premier Land Holding LLC, South Carolina, USA -<br>Subsidiary of Sundaram Holding USA, Inc.<br>(xvii) Sundaram-Clayton (USA) Limited, Illinois, USA<br>(xviii) TVS Motor (Singapore) Pte. Limited, Singapore - (TVSM Singapore) - Subsidiary of TVSM<br>(xix) PT TVS Motor Company Indonesia, Jakarta - Subsidiary of TVSM Singapore<br>(xx) TVS Motor Company (Europe) B.V. Amsterdam - (TVSM Europe) - Subsidiary of TVSM |

Other related parties and their relationship where transaction exists

- |                        |   |
|------------------------|---|
| d) Fellow Subsidiaries | (i) TVS Electronics Limited, Chennai<br>(ii) TVS Investments Limited, Chennai |
|------------------------|---|

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 37 RELATED PARTY DISCLOSURES - (continued)

- e) Group member
- (i) Sundram Fasteners Limited, Chennai
  - (ii) Delphi TVS Diesel Systems Limited, Chennai
  - (iii) India Nippon Electricals Limited, Chennai
  - (iv) TVS Supply Chain Solutions Limited, Chennai  
(formerly known as TVS Logistics Services Limited)
  - (v) Sundaram Brake Linings Limited, Chennai
  - (vi) TVS Autoserv GmbH, Germany
  - (vii) TVS Dynamic Global Freight Services Limited, Chennai
  - (viii) Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd, Chennai
  - (ix) Emerald Haven Town and Country Private Limited, Chennai
- f) Associate companies
- (i) Sundram Non-Conventional Energy Systems Limited, Chennai
  - (ii) Emerald Haven Realty Limited, Chennai
  - (iii) TVS Training and Services Limited, Chennai
- g) Key management personnel(KMP)
- Executive Directors:
- (i) Mr Venu Srinivasan, Chairman and Managing Director
  - (ii) Dr. Lakshmi Venu, Joint Managing Director
  - (iii) Mr. Sudarshan Venu, Joint Managing Director (up to 10.03.2019)
- Non-Executive Directors:
- Independent Directors:
- (i) Vice Admiral P.J. Jacob (Retd.)
  - (ii) Mr. V. Subramanian
  - (iii) Mr. S. Santhanakrishnan
  - (iv) Mr. R. Gopalan
  - (v) Mr. R. Vijayaraghavan
  - (vi) Mr. Kamlesh Gandhi
  - (vii) Ms. Sasikala Varadachari (from 24.10.2018)
- Non-Independent Directors:
- (i) Mr. K. Mahesh (upto 02.02.2019)
  - (ii) Mr. T.K. Balaji
  - (iii) Mr. Gopal Srinivasan
- h) Relative of KMP
- (i) Mrs. Mallika Srinivasan
- i) Enterprise over which KMP have significant influence
- (i) Harita-NTI Limited, Chennai
  - (ii) Emerald Haven Estates Limited, Chennai
  - (iii) Sundram Services Limited, Chennai

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 37 RELATED PARTY DISCLOSURES - (continued)

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	Group member	KMP-Significant Influence	KMP	Relative of KMP	Total
1	Purchase of goods	Harita-NTI Limited, Chennai	-	-	-	-	-	4.50	-	-	4.50
		T V Sundram Iyengar & Sons Pvt Ltd., Madurai	0.16	-	-	-	-	-	-	-	0.16
			0.16	-	-	-	-	4.50	-	-	4.66
			(0.74)	-	-	-	-	(4.50)	-	-	(5.24)
2	Sale of goods (including sub contract charges)	TVS Motor Company Limited, Chennai	-	401.80	-	-	-	-	-	-	401.80
		Sundaram-Clayton USA, LLC	-	2.09	-	-	-	-	-	-	2.09
		Sundram Fasteners Limited, Chennai	-	-	-	-	0.74	-	-	-	0.74
		Delphi TVS Diesel Systems Limited, Chennai	-	-	-	-	19.14	-	-	-	19.14
			-	403.89	-	-	19.88	-	-	423.77	
			-	(390.14)	-	-	(16.59)	-	-	(406.73)	
3	Purchase of power	Sundram Non Conventional Energy Systems Limited, Chennai	-	-	-	0.71	-	-	-	-	0.71
			-	-	-	(0.87)	-	-	-	-	(0.87)
4	Rendering of services	TVS Motor Company Limited, Chennai	-	35.54	-	-	-	-	-	-	35.54
		Sundaram Auto Components Limited, Chennai	-	3.73	-	-	-	-	-	-	3.73
		TVS Credit Services Limited, Chennai	-	2.06	-	-	-	-	-	-	2.06
		TVS Motor Services Limited, Chennai - (Subsidiary) - (Rs.7000)	-	-	-	-	-	-	-	-	-
		TVS Electronics Limited, Chennai	-	-	0.14	-	-	-	-	-	0.14
		TVS Investments Private Limited, Chennai - (Fellow Subsidiary) - (Rs.5000)	-	-	-	-	-	-	-	-	-
		Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd - (Group Member)- (Rs.21000)	-	-	-	-	-	-	-	-	-
		Emerald Haven Town and Country Pvt Ltd - (Group Member) - (Rs.25000)	-	-	-	-	-	-	-	-	-
		India Nippon Electricals Limited, Chennai	-	-	-	-	0.05	-	-	-	0.05
		TVS Training and Services Limited, Chennai - (Associates) - (Rs.5000)	-	-	-	-	-	-	-	-	-
		Emerald Haven Realty Limited, Chennai	-	-	-	0.04	-	-	-	-	0.04
		Emerald Haven Estates Limited, Chennai - (KMP) - (Rs.5000)	-	-	-	-	-	-	-	-	-
		Sundram Services Limited, Chennai - (KMP) - (Rs.24000)	-	-	-	-	-	-	-	-	-
		Harita-NTI Limited, Chennai	-	-	-	-	-	-	0.53	-	-
			-	41.33	0.14	0.04	0.05	0.53	-	42.09	
			-	(35.66)	(0.12)	-	(0.05)	(0.29)	-	(36.12)	
5	Receiving of services	Sundaram Auto Components Limited, Chennai	-	5.24	-	-	-	-	-	-	5.24
		Sundaram-Clayton (USA) Limited, Illinois, USA	-	0.03	-	-	-	-	-	-	0.03
		T V Sundram Iyengar & Sons Private Limited, Madurai	0.27	-	-	-	-	-	-	-	0.27
		TVS Training and Services Limited, Chennai	-	-	-	0.18	-	-	-	-	0.18
		TVS Motor Company Limited, Chennai	-	2.07	-	-	-	-	-	-	2.07
		TVS Electronics Limited, Chennai	-	-	1.31	-	-	-	-	-	1.31
		TVS Supply Chain Solutions Limited, Chennai (formerly known as TVS Logistics Services Limited)	-	-	-	-	4.57	-	-	-	4.57
		Sundaram Brake Linings Limited, Chennai	-	-	-	-	0.03	-	-	-	0.03
		TVS Dynamic Global Freight Services Limited, Chennai	-	-	-	-	16.94	-	-	-	16.94
		TVS Autoserv GmbH, Germany	-	-	-	-	9.04	-	-	-	9.04
		Sundram Fasteners Limited, Chennai	-	-	-	-	0.37	-	-	-	0.37
					0.27	7.34	1.31	0.18	30.95	-	-
			(0.17)	(6.23)	(0.95)	(0.64)	(42.93)	-	-	(50.92)	

Previous year's figures are furnished in brackets

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 37 RELATED PARTY DISCLOSURES - (continued)

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	Group member	KMP-Significant Influence	KMP	Relative of KMP	Total	
6	Lease rent paid Lease rent received	Sundaram Auto Components Limited, Chennai	-	0.02	-	-	-	-	-	-	0.02	
		Sundram Non Conventional Energy Systems Limited, Chennai - Rs.48,000	-	-	-	-	-	-	-	-	-	
		(Associates)	-	0.02	-	-	-	-	-	-	0.02	
			-	(0.01)	-	-	-	-	-	-	(0.01)	
7	Remuneration paid	Key Management Personnel	-	-	-	-	-	-	8.11	-	8.11	
			-	-	-	-	-	-	(2.87)	-	(2.87)	
8	Investments	Sundaram Holding USA Inc., USA	-	33.85	-	-	-	-	-	-	33.85	
		-	-	(40.80)	-	-	-	-	-	-	(40.80)	
9	Sale of Investments	Sale of Non-Cumulative Redeemable Preference Shares of TVS Motor Services Limited to TVSM	-	-	-	-	-	-	-	-	-	
			-	(17.01)	-	-	-	-	-	-	(17.01)	
10	Dividend received	Sundram Non-Conventional Energy Systems Limited, Chennai	-	-	-	0.35	-	-	-	-	0.35	
		TVS Motor Company Limited, Chennai	-	95.44	-	-	-	-	-	-	95.44	
			-	95.44	-	0.35	-	-	-	-	95.79	
			-	(89.99)	-	(0.35)	-	-	-	-	(90.34)	
11	Outstanding as on 31 <sup>st</sup> March 2019 Receivables	TVS Motor Company Limited, Chennai	-	30.30	-	-	-	-	-	-	30.30	
		Sundaram Auto Components Limited, Chennai	-	0.41	-	-	-	-	-	-	0.41	
		TVS Motor Services Limited - (Subsidiary) - (Rs.8,260)	-	-	-	-	-	-	-	-	-	
		TVS Credit Services Ltd, Chennai	-	0.09	-	-	-	-	-	-	0.09	
		Sundaram-Clayton USA, LLC	-	2.09	-	-	-	-	-	-	2.09	
		TVS Investments Private Limited, Chennai - (Fellow Subsidiary) (Rs.5,900)	-	-	-	-	-	-	-	-	-	
		Delphi TVS Diesel Systems Limited, Chennai	-	-	-	-	-	4.81	-	-	4.81	
		Harita-NTI Limited, Chennai	-	-	-	-	-	-	0.02	-	0.02	
		Emerald Haven Realty Limited, Chennai	-	-	-	-	0.03	-	-	-	0.03	
		India Nippon Electricals Limited, Chennai	-	-	-	-	-	0.01	-	-	0.01	
		Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd - (Group) (Rs.24780)	-	-	-	-	-	-	-	-	-	
		TVS Electronics Limited, Chennai	-	-	0.04	-	-	-	-	-	-	0.04
			-	32.89	0.04	0.03	4.82	0.02	-	-	37.80	
			-	(45.07)	(0.04)	-	(4.62)	(0.06)	-	-	(49.79)	
12	Outstanding as on 31 <sup>st</sup> March 2019 Payables	TVS Electronics Limited, Chennai	-	-	0.16	-	-	-	-	-	0.16	
		TVS Motor Company Limited, Chennai	-	1.32	-	-	-	-	-	-	1.32	
		TVS Credit Services Limited, Chennai	-	0.33	-	-	-	-	-	-	0.33	
		Sundaram Auto Components Limited, Chennai	-	0.64	-	-	-	-	-	-	0.64	
		T V Sundram Iyengar & Sons Private Limited, Madurai	0.01	-	-	-	-	-	-	-	0.01	
		TVS Training and Services Limited, Chennai - (Associates) (Rs.26,633)	-	-	-	-	-	-	-	-	-	
		Sundram Non-Conventional Energy Systems Limited, Chennai	-	-	-	0.02	-	-	-	-	0.02	
		TVS Supply Chain Solutions Limited, Chennai (formerly known as TVS Logistics Services Limited)	-	-	-	-	0.58	-	-	-	0.58	
		TVS Autoserv GmbH, Germany	-	-	-	-	1.82	-	-	-	1.82	
		Sundram Fasteners Limited, Chennai	-	-	-	-	0.04	-	-	-	0.04	
		TVS Dynamic Global Freight Services Limited, Chennai	-	-	-	-	2.29	-	-	-	2.29	
		Sundaram Brake Linings Limited, Chennai	-	-	-	-	0.01	-	-	-	0.01	
		Harita-NTI Limited, Chennai	-	-	-	-	-	0.37	-	-	0.37	
			0.01	2.29	0.16	0.02	4.74	0.37	-	-	7.59	
	(0.25)	(2.54)	(0.25)	(0.08)	(10.02)	(0.87)	-	-	(14.01)			

Previous year's figures are furnished in brackets

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 38 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015

	Particulars	Name of the Company		Amount outstanding as on 31-03-2019	Amount outstanding as on 31-03-2018
a)	Loans and advances				
(i)	Loans and advances in the nature of loans made to subsidiary company	NIL		–	–
(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 186 of the Companies Act, 2013	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	<ul style="list-style-type: none"> <li>• TVS Motor Company Limited, Chennai (27,26,82,786 equity shares of ₹ 1/- each fully paid up)</li> <li>Maximum amount held at any time</li> <li>During the year 19.59</li> <li>During the previous year 19.59</li> <li>• Sundaram-Clayton (USA) Limited, Chicago, Illinois, USA (100 equity shares of USD 1 each fully paid up)</li> <li>Maximum amount held at any time</li> <li>During the year 0.001</li> <li>During the previous year 0.001</li> <li>• Sundaram Holding USA Inc., Delaware USA (80,00,000 (last year - 16,93,682) Equity Shares of USD-1 each fully paid-up)</li> <li>Maximum amount held at any time</li> <li>During the year 86.01</li> <li>During the previous year 52.16</li> <li>• TVS Credit Services Limited, Chennai (21,80,250 equity shares of ₹ 10/- each fully paid up)</li> </ul>		19.59	19.59
				0.001	0.001
				86.01	52.16
				17.01	17.01



## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 38 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015 - (continued)

	Particulars	Name of the Company		Amount outstanding as on 31-03-2019	Amount outstanding as on 31-03-2018
(i)	In subsidiary companies - (continued)				
		Maximum amount held at any time			
		During the year	17.01		
		During the previous year	17.01		
(ii)	In associate companies	<ul style="list-style-type: none"> <li>• Sundram Non-conventional Energy Systems Limited, Chennai (1,17,650 Equity shares of ₹ 10/- each fully paid-up)</li> </ul>		0.12	0.12
		Maximum amount held at any time			
		During the year	0.12		
		During the previous year	0.12		
		<ul style="list-style-type: none"> <li>• TVS Training &amp; Services Limited, Chennai (27,63,359 Equity shares of ₹ 10/- each fully paid-up)</li> </ul>		2.76	2.76
		Maximum amount held at any time			
		During the year	2.76		
		During the previous year	2.76		

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

VENU SRINIVASAN  
Chairman & Managing Director

Dr. LAKSHMI VENU  
Joint Managing Director

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

VIVEK S JOSHI  
President & CEO

K GOPALA DESIKAN  
Chief Financial Officer

R RAJA PRAKASH  
Company Secretary

V SATHYANARAYANAN  
Partner  
Membership No. 027716

Chennai  
2<sup>nd</sup> May 2019

**Consolidated Financial Statements**  
**of**  
***Sundaram-Clayton Limited***

## Consolidated Financial Statements of *Sundaram-Clayton Limited*

### Independent Auditor's Report on the consolidated IND AS financial statements for the year ended 31<sup>st</sup> March 2019

To the Members of  
**Sundaram-Clayton Limited**

#### **Report on the Audit of the Consolidated IND AS Financial Statements**

##### **Opinion**

We have audited the accompanying consolidated IND AS financial statements of Sundaram-Clayton Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates, which comprise the consolidated Balance Sheet as at 31<sup>st</sup> March, 2019, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, ('the Act') in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31<sup>st</sup> March, 2019, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

##### **Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associates in accordance with the Code of Ethics issued by Institute of Chartered Accountants of India (ICAI), together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013 and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion on the consolidated financial statements

##### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No.	Key Audit Matter	Auditor's Response
1	<p><b>Overseas Equity Investments</b></p> <p>Equity Investments in overseas subsidiaries, account for a significant percentage of the Company's total equity investments. To assess annually, whether there are indications of impairment requires significant management judgment in determining the recoverable amount of these equity investments.</p>	<p><b>Principal Audit Procedures</b></p> <p>Management has obtained a valuation of the equity investment in the overseas subsidiary from a valuer, that is based on projected annual cash flows of the overseas subsidiary. We gained an understanding of the key assumptions used to forecast the cash flows and the discount rates applied (WACC) in arriving at the fair value.</p> <p>We consider that the management conclusions concerning the absence of impairment in the equity investment are adequately supported and consistent with the information currently available.</p>
2	<p><b>Carrying value of Goodwill</b></p> <p>The group has recognised a goodwill on consolidation of ₹ 112.61 crores in its Consolidated Financial Statements. The goodwill has to be tested for impairment annually, which requires significant judgment on the part of the management in identifying and valuing the relevant Cash Generating Unit that contains goodwill</p>	<p><b>Principal Audit Procedures</b></p> <p>Management has obtained a valuation of the Cash Generating Unit wherein valuers have arrived at a fair value, based on weighted average of the Discounted Cash Flow Method and Comparable Companies' Multiples Method. We gained an understanding of the key assumptions used to forecast the cash flows and the discount rates applied (WACC) as well as the Comparable Companies considered in arriving at the fair value.</p> <p>We consider that the management conclusions concerning the absence of impairment in the goodwill are adequately supported and consistent with the information currently available.</p>

#### **Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

## Consolidated Financial Statements of Sundaram-Clayton Limited

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associates in accordance with the Ind AS and other accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and its associates or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates are responsible for overseeing the financial reporting process of the Group and of its associates.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher, than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company, its subsidiary companies and its associates which are companies incorporated in India and outside India, have adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

## Consolidated Financial Statements of Sundaram-Clayton Limited

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

We did not audit the financial statements/financial information of twenty subsidiaries, whose financial statements / financial information reflect total assets of ₹ 19,854.09 crores as at 31<sup>st</sup> March 2019, total revenues of ₹ 20,693.87 crores and net cash flows amounting to ₹ 13.32 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit / loss of ₹ 3.62 crores for the year ended 31<sup>st</sup> March 2019, as considered in the consolidated financial statements, in respect of three numbers of associates, whose financial statements/ financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

- (b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India and outside India, none of the directors of the Group companies, its associate companies incorporated in India and outside India is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the Group and its associates incorporated in India and outside India, and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates incorporated in India and outside India - Refer Note 37(i) to the consolidated financial statements.
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer (a) Note 37(ii) to the consolidated financial statements in respect of such items as it relates to the Group and (b) the Group's share of net profit in respect of its associates.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and associate companies incorporated in India and outside India.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

Place : Chennai  
Date : 2<sup>nd</sup> May 2019

## Consolidated Financial Statements of *Sundaram-Clayton Limited*

### Annexure 'A' to the Independent Auditors' Report on the Consolidated IND AS Financial Statements for the year ended 31<sup>st</sup> March 2019

#### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31<sup>st</sup> March 2019, we have audited the internal financial controls over financial reporting of SUNDARAM-CLAYTON LIMITED (hereinafter referred to as the 'Holding Company'), Jayalakshmi Estates, #29, Haddows Road, Chennai - 600006, and its subsidiaries and its associate companies which are incorporated in India and outside India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India and outside India, are responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company, its subsidiary companies and associate companies, incorporated in India and outside India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained, and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed

risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the company, its subsidiaries and its associate companies, which are companies incorporated in India and outside India.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that;

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Company, its subsidiary companies and its associate companies, incorporated in India and outside India, have, in all material respects, an adequate internal financial controls system

## Consolidated Financial Statements of *Sundaram-Clayton Limited*

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over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2019, based on internal controls over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by Institute of Chartered Accountants of India.

### **Other matters**

Our aforesaid report under Section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to of its subsidiary companies

and associate companies, which are companies incorporated in India and outside India is based on the corresponding reports of the auditors of such companies incorporated in India.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

Place : Chennai  
Date : 2<sup>nd</sup> May 2019

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

## Consolidated Financial Statements of Sundaram-Clayton Limited

### CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2019

(Rupees in crores)

Particulars	Notes	As at 31.03.2019	As at 31.03.2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	3,715.46	3,316.55
Capital work in progress	2	615.03	356.33
Investment Properties		137.71	138.40
Goodwill	2	112.61	112.61
Other intangible assets	3	64.27	59.60
Intangibles under development		140.59	39.39
Financial assets			
i. Investments	4	490.68	483.89
ii. Loans (Receivable from financing activity)	9	3,624.80	2,826.25
iii. Others	12	33.48	29.05
Investments accounted using equity method	5	127.08	123.54
Non-Current tax assets (Net)		28.06	37.27
Other non-current assets	6	169.69	155.39
<b>Total non-current assets</b>		<b>9,259.46</b>	<b>7,678.27</b>
<b>Current assets</b>			
Inventories	7	1,622.87	1,417.00
Financial assets			
i. Trade receivables	8	1,725.25	1,312.70
ii. Loans (Receivable from financing activity)	9	4,599.83	3,305.45
iii. Cash and cash equivalents	10	164.67	103.37
iv. Bank balances other than (iii) above	11	45.00	71.62
v. Others	12	113.09	92.33
Current tax assets (Net)		36.38	70.00
Other current assets	13	603.28	710.24
<b>Total current assets</b>		<b>8,910.37</b>	<b>7,082.71</b>
<b>Total Assets</b>		<b>18,169.83</b>	<b>14,760.98</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	14	10.12	10.12
Other equity	15	2,463.67	2,141.32
Equity attributable to owners		2,473.79	2,151.44
Non controlling interest	15	1,425.66	1,191.21
<b>Total equity</b>		<b>3,899.45</b>	<b>3,342.65</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	16	5,292.82	2,639.00
Others	21	8.31	2.79
Provisions	17	112.75	106.75
Deferred tax liabilities (net)	18	77.31	34.62
<b>Total non-current liabilities</b>		<b>5,491.19</b>	<b>2,783.16</b>
<b>Current liabilities</b>			
Financial liabilities			
i. Borrowings	19	3,548.98	3,501.87
ii. Trade payables	20	3,343.38	3,013.77
iii. Other financial liabilities	21	1,395.38	1,629.70
Other current liabilities	22	405.33	396.06
Provisions	17	86.12	91.31
Current tax liabilities (Net)		-	2.46
<b>Total current liabilities</b>		<b>8,779.19</b>	<b>8,635.17</b>
<b>Total liabilities</b>		<b>14,270.38</b>	<b>11,418.33</b>
<b>Total equity and liabilities</b>		<b>18,169.83</b>	<b>14,760.98</b>
<b>Significant accounting policies</b>	1		

The accompanying notes are an integral part of these financial statements

VENU SRINIVASAN <i>Chairman &amp; Managing Director</i>	Dr. LAKSHMI VENU <i>Joint Managing Director</i>	As per our report annexed For RAGHAVAN, CHAUDHURI & NARAYANAN Chartered Accountants Firm Regn. No. 007761S
VIVEK S JOSHI <i>President &amp; CEO</i>	K GOPALA DESIKAN <i>Chief Financial Officer</i>	R RAJA PRAKASH <i>Company Secretary</i>
		V SATHYANARAYANAN Partner Membership No. 027716



## Consolidated Financial Statements of Sundaram-Clayton Limited

### STATEMENT OF CONSOLIDATED PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019

Particulars	Notes	Year ended 31.03.2019	Year ended 31.03.2018
(Rupees in crores)			
<b>I Income</b>			
Revenue from operations	23	21,547.89	17,902.56
Other income	24	27.75	148.37
<b>Total income</b>		<b>21,575.64</b>	<b>18,050.93</b>
<b>II Expenses</b>			
Cost of material consumed	25	14,309.23	11,476.62
Purchase of stock in trade	25	244.84	256.07
Changes in inventories of finished goods, stock-in-trade and work-in-process	25	(85.19)	(15.50)
Excise duty		–	390.82
Employee benefit expenses	26	1,713.41	1,404.47
Finance costs	27	718.56	371.92
Depreciation and amortisation expense	28	533.90	446.68
Other expenses	29	3,026.77	2,880.46
<b>Total expenses</b>		<b>20,461.52</b>	<b>17,211.54</b>
<b>III Profit before exceptional items, share of net profit of investment and tax (I-II)</b>		<b>1,114.12</b>	<b>839.39</b>
IV Share of net profit from associates using equity method		3.62	1.34
<b>V Profit before exceptional items and tax (III+IV)</b>		<b>1,117.74</b>	<b>840.73</b>
VI Exceptional items		–	–
<b>VII Profit before tax (V+VI)</b>		<b>1,117.74</b>	<b>840.73</b>
VIII Tax expense			
Current tax	30	371.22	246.34
Deferred tax	31	(3.25)	(34.39)
<b>IX Profit for the year (VII-VIII)</b>		<b>749.77</b>	<b>628.78</b>
X (Profit) / Loss attributable to Non-controlling Interest		(317.63)	(290.65)
<b>XI Profit for the year attributable to owners (IX-X)</b>		<b>432.14</b>	<b>338.13</b>
<b>XII Other comprehensive income</b>			
(A) Items that will not be reclassified to profit and loss			
Remeasurements of post employment benefit obligations		9.03	(2.56)
Change in fair value of equity instruments		(29.77)	24.78
Share of other comprehensive income from associates using equity method		(0.07)	–
Income tax relating to these items		0.97	0.68
(B) Items that will be reclassified to profit and loss			
Fair value changes on cash flow hedges		(6.23)	(3.39)
Change in fair value of debt instruments		–	(0.85)
Foreign currency translation adjustments		4.83	6.12
Income tax relating to these items		1.44	1.47
<b>Other comprehensive income for the year, net of tax</b>		<b>(19.80)</b>	<b>26.25</b>
<b>XIII Other Comprehensive income attributable to non-controlling interest (profit) / loss</b>		<b>2.07</b>	<b>3.01</b>
<b>XIV Total comprehensive income attributable to owners (XI + XII - XIII)</b>		<b>414.41</b>	<b>367.39</b>
Earnings per equity share			
Basic & Diluted earnings per share	32	213.59	167.12

The accompanying notes are an integral part of these financial statements

VENU SRINIVASAN  
Chairman & Managing Director

Dr. LAKSHMI VENU  
Joint Managing Director

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
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Company Secretary

V SATHYANARAYANAN  
Partner  
Membership No. 027716

Chennai  
2<sup>nd</sup> May 2019

## Consolidated Financial Statements of Sundaram-Clayton Limited

### STATEMENT OF CHANGES IN EQUITY

(Rupees in crores)

#### a. Equity Share Capital

As at 01-04-2017	10.12
Changes in equity share capital	–
As at 31-03-2018	10.12
Changes in equity share capital	–
As at 31-03-2019	10.12

#### b. Other equity

Particulars	Reserves & Surplus					Other Reserves			Non Controlling Interest	Total
	General reserve	Capital reserve	Securities Premium Reserve	Statutory reserve	Retained earnings	Equity Instruments Fair Value through Other Comprehensive Income	Foreign currency translation reserve	Hedging reserves		
<b>Balance as at 01-04-2017</b>	<b>658.10</b>	<b>99.11</b>	<b>36.42</b>	<b>–</b>	<b>894.89</b>	<b>187.18</b>	<b>(19.11)</b>	<b>0.30</b>	<b>928.21</b>	<b>2,785.10</b>
Add : Profit for the year 2017-18					338.13				290.65	628.78
Add: Other comprehensive income for the year 2017-18					(0.34)	25.65	6.12	(2.17)	(3.01)	26.25
Less : Transferred to retained earnings								1.23		–
Less : Exchange differences										1.23
Add : Transferred from retained earnings to statutory reserve				10.28	(10.28)					–
Add : Transaction with non controlling interest					(35.52)				55.74	20.22
Less : Distribution to shareholders : 2017-18 First Interim dividend paid					(30.35)				(40.48)	(70.83)
2017-18 Second Interim dividend paid					–				(26.31)	(26.31)
Less : Dividend Tax*					(18.32)				(13.59)	(31.91)
<b>Balance as at 01-04-2018</b>	<b>658.10</b>	<b>99.11</b>	<b>36.42</b>	<b>10.28</b>	<b>1,138.21</b>	<b>212.83</b>	<b>(12.99)</b>	<b>(0.64)</b>	<b>1,191.21</b>	<b>3,332.53</b>
Add : Profit for the year 2018-19					432.14	–	–	–	317.63	749.77
Add: Other comprehensive income for the year 2018-19					–	(19.77)	4.83	(4.79)	(2.07)	(21.80)
Less: OCI share of an associate					(0.07)					(0.07)
Less : Transferred to retained earnings								(2.34)		(2.34)
Less : Exchange differences								0.26		0.26
Add : Transferred from retained earnings to statutory reserve				15.04	(15.04)					–
Add : Transaction with non controlling interest					4.26				4.09	8.35
Less : Distribution to shareholders : 2018-19 First Interim dividend paid					(40.46)				(42.50)	(82.96)
2018-19 Second Interim dividend paid					(32.37)				(28.34)	(60.71)
Less : Dividend Tax*					(19.34)				(14.36)	(33.70)
<b>Balance as at 31-03-2019</b>	<b>658.10</b>	<b>99.11</b>	<b>36.42</b>	<b>25.32</b>	<b>1,467.33</b>	<b>193.06</b>	<b>(8.16)</b>	<b>(7.51)</b>	<b>1,425.66</b>	<b>3,889.33</b>

\* The Company has taken credit for the dividend distribution tax paid by one of the subsidiary companies on the dividend declared as per Section 115-O (1A) of the Income Tax Act, 1961.

#### Nature and purpose of reserves:

Securities premium reserve: This consist of premium realised on issue of shares and will be applicable / utilised in accordance with the provisions of the Companies Act, 2013.  
General reserve: General reserve is part of retained earnings. This is available for distribution to shareholders as dividend and capitalisation.

VENU SRINIVASAN  
Chairman & Managing Director

Dr. LAKSHMI VENU  
Joint Managing Director

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

VIVEK S JOSHI  
President & CEO

K GOPALA DESIKAN  
Chief Financial Officer

R RAJA PRAKASH  
Company Secretary

V SATHYANARAYANAN  
Partner  
Membership No. 027716

Chennai  
2<sup>nd</sup> May 2019

## Consolidated Financial Statements of Sundaram-Clayton Limited

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2019

	(Rupees in crores)	
	Year ended 31.03.2019	Year ended 31.03.2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	1,117.74	840.73
Adjustments for:		
Depreciation and amortisation for the year	533.90	446.81
Loss on sale / scrapping of property, plant and equipment	3.85	0.15
Profit on sale of property, plant and equipment	(0.16)	(2.77)
Dividend income	(2.16)	(1.65)
Interest income	(6.86)	(50.25)
Unrealised exchange (gain) / Loss	(4.62)	(0.87)
Increase in fair value of financial assets	(0.50)	(59.70)
Loss on sale of investment	-	29.03
Profit on sale of investment	(1.01)	-
Interest expense (excluding relatable to financial enterprise)	160.74	112.02
	683.18	472.77
<b>Operating profit before working capital changes</b>	<b>1,800.92</b>	<b>1,313.50</b>
Adjustments for:		
Inventories	(205.87)	(20.29)
Trade Receivables	(412.55)	(453.12)
Other financial assets	(25.19)	53.43
Other Bank balances	26.62	(66.59)
Other non-current assets	(5.09)	(54.07)
Other current assets	140.58	(54.92)
Loans (Receivable from financing activity)	(2,092.93)	(823.12)
Provisions	9.84	18.21
Trade Payables	329.61	789.38
Other Financial liabilities	42.02	(32.58)
Other current liabilities	6.81	(4.93)
	(2,186.15)	(648.60)
Cash generated from operations	(385.23)	664.90
Direct taxes paid	(324.73)	(340.45)
<b>Net cash from operating activities</b>	<b>(A) (709.96)</b>	<b>324.45</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment (including Capital work in progress)	(1,308.89)	(1,322.12)
Sale of fixed assets	10.34	43.62
Investment accounted using equity method	-	(31.77)
(Purchase) / Sale of investments	(34.42)	(96.54)
Contribution from non controlling interest	-	(57.07)
Consideration paid on acquisition of subsidiary	-	(1.62)
Cash and cash equivalents pursuant to acquisition	-	34.19
Interest received	6.86	50.25
Dividend received	2.16	1.65
<b>Net Cash from / (used in) investing activities</b>	<b>(B) (1,323.95)</b>	<b>(1,379.41)</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2019 - (continued)

		(Rupees in crores)	
		Year ended 31.03.2019	Year ended 31.03.2018
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net Borrowings:			
Term loans availed / (repaid)		2,386.59	991.50
Short term borrowings availed / (repaid)		36.12	447.38
Interest paid		(160.74)	(112.02)
Dividend and dividend tax paid		(177.38)	(129.05)
<b>Net cash from financing activities</b>	<b>(C)</b>	<u>2,084.59</u>	<u>1,197.81</u>
<b>D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	<b>(A + B + C)</b>	<u>50.68</u>	<u>142.85</u>
Cash and cash equivalents at the beginning of the year			
Cash and Bank balances		103.37	47.94
Cash credit balance		(260.59)	(157.22)
		(348.01)	(300.07)
Cash and cash equivalents at the end of the year			
Cash and Bank balances		164.67	103.37
Cash credit balance		(271.21)	(106.54)
		(260.59)	(157.22)

Change in liability arising from financing activities					
Particulars	Note	01/04/2018	Cash flow	Foreign exchange movement	31/03/2019
Long term borrowings (including current maturities)	16	4,091.18	2,386.59	(4.99)	6,472.78
Short term borrowings	19	3,241.28	36.12	0.37	3,277.77

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 equivalents include cash and bank balances.

VENU SRINIVASAN  
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Company Secretary

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

V SATHYANARAYANAN  
Partner  
Membership No. 027716

Chennai  
2<sup>nd</sup> May 2019

# Consolidated Financial Statements of *Sundaram-Clayton Limited*

## 1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the Consolidated financial statements of Sundaram-Clayton Limited and its subsidiaries and associates.

### a) Brief description of the Company

Sundaram-Clayton Limited ('the Company') is a public limited company incorporated in India whose shares are publicly traded. The registered office is located at "Jayalakshmi Estates", 29, Haddows Road, Chennai - 600006, Tamil Nadu, India. The Company together with its subsidiaries and associates (collectively referred to as the "Group") operate in a wide range of activities such as manufacturing of automotive vehicles, automotive components, spare parts & accessories thereof, housing development and financial services.

### b) Basis of preparation

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Disclosures under Ind AS are made only in respect of material items and in respect of items that will be useful to the users of financial statements in making economic decisions.

The financial statements have been prepared on historical cost basis under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value.

#### Principles of consolidation

##### Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together, items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests (if any) in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet, respectively.

##### Associates

Associates are all entities over which the Group has significant influence but not control or joint control. (This is generally the case where the Group holds between 20% and 50% of the voting rights). Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

### c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity. It also provides an overview of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

#### d) Significant estimates and judgments

The areas involving significant estimates or judgments are:

- i) Estimation of defined benefit obligation - (Refer Note 38)
- ii) Estimation of useful life of Property, Plant and Equipment (Refer Note 1(f) and 1(g))
- iii) Estimation of impairment of goodwill.

#### e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances and rebates and amounts collected on behalf of third parties.

##### i) **Sale of products:**

Revenue from sale of products is recognised when significant risk and rewards of ownership pass to the customers, as per the terms of the contract and it is probable that the economic benefits associated with the transaction will flow to the Group.

##### ii) **Revenue from Services:**

Revenue from Services is recognised in the accounting period in which the services are rendered and when invoices are raised.

##### iii) **Revenue from Real Estate:**

The revenue from sale of land is recognised on transferring all significant risk and rewards of ownership on land to the buyers and Group does not retain any effective control over the same.

##### iv) **Revenue from Financing:**

- Interest income for loans (other than Purchase of Originally Credit Impaired (POCI) is recognised using the Effective Interest Rate (EIR) method.
- For financial assets that are not "POCI" but have subsequently become credit-impaired (or 'stage-3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).
- Income in the nature of overdue interest, and bounce charges are recognized on realization, due to uncertainty of collection.

The Group has adopted Ind AS 115 from April 1, 2018 and had opted for retrospective application with the cumulative effect of initially applying this standard recognised at the date of initial application. The standard has been applied to all open contracts as on 1<sup>st</sup> April 2018, and subsequent contracts with customers from that date. There is no impact on the retained earnings as on the date of adoption of the standard

#### f) Property, Plant and Equipment

Freehold Land is stated at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition / construction less accumulated depreciation / amortization and impairment, if any. Cost includes:

- i) purchase price,
- ii) taxes and duties,
- iii) labour cost, and
- iv) directly attributable overheads incurred upto the date the asset is ready for its intended use.
- v) Government grants that are directly attributable to the assets acquired.

However, cost excludes excise duty, value added tax and service tax and GST, to the extent credit of the duty or tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Government grants relating to the purchase of property, plant and equipment are capitalized and included as cost to fixed assets.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit and Loss within Other gains / (losses).

#### g) Depreciation

- i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double / triple shifts) as evaluated by a Chartered Engineer, on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

- ii) The estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Group is furnished below:

Description	Years
Factory building and other buildings	5 to 64
Plant and Equipment	4 to 21
Electrical Equipment	15
Furniture and Fixtures	4 to 10
Computers	3 to 4
Mobile phones	1 to 2
Vehicles	5 to 6

- iii) Tools and dies used for two wheelers are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 5 years. Tools and dies used for three wheeler operations are depreciated at 11.31 per cent.
- iv) The residual value for all the above assets are retained at 5% of the cost except for Mobile phones for which Nil residual value is considered. Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.
- v) On tangible fixed assets added / disposed off during the year, depreciation is charged on pro-rata basis for the period for which the asset was purchased and used.
- vi) Depreciation in respect of tangible assets costing individually less than ₹ 5,000/- is provided at 100%.

#### h) Investment properties

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the Group is classified as investment property. Investment Property is measured initially at its cost and including related transaction cost where applicable, borrowing cost. Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item is measured reliably.

#### i) Intangible assets

##### Goodwill

Goodwill on acquisition of business is included in intangible assets. Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to the cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or Group of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or group of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the cash generating units.

##### Other intangible assets

Intangible assets acquired are accounted at their acquisition cost and are amortised over its useful life, viz., 2 years in the case of software and 6-10 years in case of Design, Development and Technical knowhow.

#### j) Loans (receivable from financing activity)

The loans to borrowers are stated at the contract value after netting off un-matured Interest Income, Un-matured Upfront Incomes and advance EMIs and adding unamortized portion of upfront expenses wherever applicable, installments appropriated up to the year end and amount written off.

#### k) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### l) Foreign currency translation

##### (i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). i.e in Indian rupees (INR) and all values are rounded off to nearest crores except where otherwise indicated.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

#### (ii) **Transactions and balances**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

- (a) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.
- (b) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.
- (c) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

#### (iii) **Group companies**

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities are translated at the closing rate at the date of that balance sheet
- b) income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- c) all resulting exchange differences are recognised in other comprehensive income.

#### m) **Hedge accounting**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 33. Movements in the hedging reserve in shareholders' equity are shown in Note 34 (D). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, within other gains / (losses).

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects the Statement of Profit and Loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the Statement of Profit and Loss within other gains / (losses).

#### n) **Inventories**

Inventories are valued at the lower of cost and net realisable value.

- i. Cost of raw materials, components, stores, spares, work-in-process and finished goods are determined on a moving average basis.



## Consolidated Financial Statements of Sundaram-Clayton Limited

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

- ii. Cost of finished goods and work-in-process comprises of direct materials, direct labour and an applicable proportion of variable and fixed overhead expenditure. Fixed overhead expenditure absorbed on the basis of normal operating capacity.
  - iii. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
  - iv. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.
- Land held for development / sale by the real estate subsidiary is valued at the lower of cost and net realisable value. Cost includes cost of acquisition and all related costs.

#### o) Employee benefits

##### i) Short term obligations:

Short term obligations are those that are expected to be settled fully within 12 months after the end of the reporting period. They are recognised upto the end of the reporting period at the amounts expected to be paid at the time of settlement.

##### ii) Other long term employee benefit obligations:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, recognised and provided for at the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for atleast twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

##### iii) Post-employment obligation:

The Group operates the following post-employment schemes:

- a) Defined benefit plans such as gratuity for its eligible employees, pension plan for eligible senior managers; and
- b) Defined contribution plan such as provident fund.

##### a) **Pension and gratuity obligation:**

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net of deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit or Loss as past service cost.

##### b) **Provident fund:**

The eligible employees of the Group are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary. The provident fund contributions are made to an irrevocable trust set up by the Group. The Group is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

##### iv) Bonus plans:

The Group recognises a liability and an expense for bonus. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

#### p) Taxes on income

Tax expense comprises of (i) current tax and (ii) deferred tax.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Where the Group is entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (the Research and Development or other investment allowances), the Group accounts for such allowances as tax credits, which means that the allowance reduce income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

#### q) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

In case of waiver of duty under EPCG licence, such grant is considered as revenue grant and recognized in "Other Income" on completion of export obligation as approved by Regulatory Authorities.

#### r) MAT Credit

MAT credit can be carried forward upto a period of 15 years. MAT credit recognized in the books is in line with the latest assessment orders received by the Company.

#### s) Provisions and contingent liabilities

##### i) Provision:

A provision is recorded when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is accounted based on technical evaluation, when the products are sold.

Provisions are evaluated at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

##### ii) Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be

## Consolidated Financial Statements of Sundaram-Clayton Limited

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

#### t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Group has identified the following business segments as reportable segments, (on the basis of products and production process) viz., (1) Automotive vehicles and parts, (2) Automotive components (3) Financial Services and (4) Others.

#### u) Leases

Based on Ind AS Transition Facilitation Group (ITFG) Clarification Bulletin 7, leases of property, plant and equipment where the Company, as a lessee, has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of lease at fair value of the leased property or, if lower, the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term, if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating lease. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

#### v) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

#### w) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### x) Investments and Other financial assets

##### i) Classification

The Group classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through statement of profit and loss), and
- Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

##### ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus (in the case of a financial asset not a fair value through profit or loss) transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

##### A) Debt Instruments:

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments.

##### i) Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the Statement of Profit and Loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

#### ii) Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at Fair Value Through Profit or Loss (FVTPL). A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

#### B) Equity instruments:

The Group subsequently measures all investments in equity (except of the subsidiaries/associates) at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there will be no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately. Where the Group elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

#### iii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 34(A) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognised from initial recognition of the receivables.

For loans given by financial enterprise the impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 35 details how the Group determines whether there has been a significant increase in credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### iv) Derecognition of financial assets

A financial asset is derecognised only when:

- a) the Group has transferred the rights to receive cash flows from the financial asset or
- b) the Group retains the contractual rights to receive the cash flows of the financial asset, but expects a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised, if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

#### v) Income recognition

##### **Interest income:**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

##### **Dividend income:**

Dividends are recognised in statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of dividend can be reliably measured.

#### y) **Borrowings**

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in the Statement of Profit and Loss

## Consolidated Financial Statements of Sundaram-Clayton Limited

### SIGNIFICANT ACCOUNTING POLICIES - (continued)

over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss as other gain / (loss).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for over or atleast 12 months after the reporting period.

#### z) Current and Non-current classification

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for atleast twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. In Group's considered view, twelve months is its operating cycle for all entities within the Group other than real estate.

The normal operating cycle in respect of operation relating to real estate project depends on signing of agreement, size of the project, phasing of the project, type of development, project complexities, approvals needed and realisation of project into cash and cash equivalents and range from 3 to 7 years. Accordingly, assets and liabilities have been classified into current and non-current based on operating cycle.

#### za) Borrowing cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

#### zb) Recent accounting pronouncements

The Ministry of Corporate Affairs has notified Ind AS 116 Leases, which is applicable to the Company from accounting periods beginning 1<sup>st</sup> April 2019. This Standard changes the classification and accounting for leases and also provides transition guidance. The Company expects the Standard to affect the accounting for assets that are taken on operating lease and is currently in the process of assessing the impact of this Standard on its transactions.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements

#### 2. PROPERTY, PLANT & EQUIPMENT

(Rupees in crores)

Description	Property, Plant & Equipment							
	Freehold land	Leasehold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total
	1	2	3	4	5	6	7	8
Cost of Assets								
As at 01-04-2017	238.85	10.39	606.23	2,341.77	46.59	50.15	27.23	3,321.21
Incumbent Subsidiary	-		-	-	14.26	31.80	0.03	46.09
Additions	60.55	1.03	135.48	748.28	9.97	39.17	8.47	1,002.95
Foreign currency translation reserve difference	(3.25)	-	(1.20)	(2.94)	0.01	(0.16)	(0.01)	(7.55)
Sub-total	296.15	11.42	740.51	3,087.11	70.83	120.96	35.72	4,362.70
Sales / deletion	(0.68)	-	(1.05)	(147.67)	(1.05)	(7.22)	(1.81)	(159.48)
<b>Total</b>	<b>295.47</b>	<b>11.42</b>	<b>739.46</b>	<b>2,939.44</b>	<b>69.78</b>	<b>113.74</b>	<b>33.91</b>	<b>4,203.22</b>
Depreciation / Amortisation								
Upto 31-03-2017	-	0.12	44.74	485.86	4.61	20.11	7.74	563.18
Incumbent Subsidiary	-	-	-	-	8.72	22.57	0.01	31.30
For the year	-	-	33.13	347.32	10.28	21.41	4.92	417.06
Amortisation	-	0.13	-	-	-	-	-	0.13
Foreign Currency translation reserve difference	-	-	(0.62)	(5.69)	-	(0.15)	(0.01)	(6.47)
Sub-total	-	0.25	77.25	827.49	23.61	63.94	12.66	1,005.20
Withdrawn on assets sold / deleted	-	-	(1.03)	(108.03)	(0.71)	(7.02)	(1.74)	(118.53)
<b>Total</b>	<b>-</b>	<b>0.25</b>	<b>76.22</b>	<b>719.46</b>	<b>22.90</b>	<b>56.92</b>	<b>10.92</b>	<b>886.67</b>
Net Carrying amount								
<b>As at 31-03-2018</b>	<b>295.47</b>	<b>11.17</b>	<b>663.24</b>	<b>2,219.98</b>	<b>46.88</b>	<b>56.82</b>	<b>22.99</b>	<b>3,316.55</b>

#### Goodwill

**2017-18**      **2016-17**

(i) Goodwill arising on business combination

2.20      2.20

(ii) Goodwill arising on consolidation

110.41      3.28

#### Total

112.61      5.48

#### Capital Work-In-Progress (At Cost)

**2017-18**      **2016-17**

(i) Building

151.12      7.66

(ii) Plant & equipment

193.31      92.79

(iii) Others

11.90      0.23

#### Total

356.33      100.68

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 2. PROPERTY, PLANT & EQUIPMENT - (continued)

(Rupees in crores)

Description	Property, Plant & Equipment							
	Freehold land	Leasehold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total
	1	2	3	4	5	6	7	8
Cost of Assets								
As at 01-04-2018	295.47	11.42	739.46	2,939.44	69.78	113.74	33.91	4,203.22
Additions	3.89	–	178.67	639.99	27.68	51.17	10.76	912.16
Foreign currency translation reserve difference	3.96	–	1.08	2.56	0.01	0.24	0.08	7.93
Sub-total	303.32	11.42	919.21	3,581.99	97.47	165.15	44.75	5,123.31
Sales / deletion	–	–	(7.71)	(102.31)	(1.20)	(9.30)	(1.96)	(122.48)
<b>Total</b>	<b>303.32</b>	<b>11.42</b>	<b>911.50</b>	<b>3,479.68</b>	<b>96.27</b>	<b>155.85</b>	<b>42.79</b>	<b>5,000.83</b>
Depreciation / Amortisation								
Upto 31-03-2018	–	0.25	76.22	719.46	22.90	56.92	10.92	886.67
For the year	–	–	36.51	414.25	13.65	32.64	3.87	500.92
Amortisation	–	0.13	–	–	–	–	–	0.13
Foreign Currency translation reserve difference	–	–	0.54	5.40	–	0.13	0.03	6.10
Sub-total	–	0.38	113.27	1,139.11	36.55	89.69	14.82	1,393.82
Withdrawn on assets sold / deleted	–	–	(7.57)	(89.49)	(0.43)	(9.03)	(1.93)	(108.45)
<b>Total</b>	<b>–</b>	<b>0.38</b>	<b>105.70</b>	<b>1,049.62</b>	<b>36.12</b>	<b>80.66</b>	<b>12.89</b>	<b>1,285.37</b>
Net Carrying amount								
<b>As at 31-03-2019</b>	<b>303.32</b>	<b>11.04</b>	<b>805.80</b>	<b>2,430.06</b>	<b>60.15</b>	<b>75.19</b>	<b>29.90</b>	<b>3,715.46</b>

#### Goodwill

	<b>2018-19</b>	<b>2017-18</b>
(i) Goodwill arising on business combination	2.20	2.20
(ii) Goodwill arising on consolidation	110.41	110.41
<b>Total</b>	<b>112.61</b>	<b>112.61</b>

#### Capital Work-In-Progress (At Cost)

	<b>2018-19</b>	<b>2017-18</b>
(i) Building	8.56	151.12
(ii) Plant & equipment	602.33	193.31
(iii) Others	4.14	11.90
<b>Total</b>	<b>615.03</b>	<b>356.33</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 3. INTANGIBLE ASSETS:

(Rupees in crores)

Description	Software	Design Development	Total
Cost of assets			
As at 01-04-2017	38.66	61.15	99.81
Incumbent Subsidiary	8.38	-	8.38
Additions	13.44	18.70	32.14
Foreign currency translation reserve difference	-	-	-
Sub-total	60.48	79.85	140.33
Sales / deletion	(0.08)	-	(0.08)
<b>Total</b>	<b>60.40</b>	<b>79.85</b>	<b>140.25</b>
Depreciation / Amortisation			
Upto 31-03-2017	25.03	19.38	44.41
Incumbent Subsidiary	6.65	-	6.65
For the year	14.74	14.88	29.62
Amortisation	-	-	-
Foreign Currency translation reserve difference	-	-	-
Sub-total	46.42	34.26	80.68
Withdrawn on assets sold / deleted	(0.03)	-	(0.03)
<b>Total</b>	<b>46.39</b>	<b>34.26</b>	<b>80.65</b>
Net Carrying amount			
<b>As at 31-03-2018</b>	<b>14.01</b>	<b>45.59</b>	<b>59.60</b>

Description	Software	Design Development	Total
Cost of assets			
As at 01-04-2018	60.40	79.85	140.25
Incumbent Subsidiary	-	-	-
Additions	29.09	8.43	37.52
Foreign currency translation reserve difference	-	-	-
Sub-total	89.49	88.28	177.77
Sales / deletion	(0.95)	-	(0.95)
<b>Total</b>	<b>88.54</b>	<b>88.28</b>	<b>176.82</b>
Depreciation / Amortisation			
Upto 31-03-2018	46.39	34.26	80.65
Incumbent Subsidiary	-	-	-
For the year	16.57	16.28	32.85
Amortisation	-	-	-
Foreign currency translation reserve difference	-	-	-
Transfer to reserve	-	-	-
Sub-total	62.96	50.54	113.50
Withdrawn on assets sold / deleted	(0.95)	-	(0.95)
<b>Total</b>	<b>62.01</b>	<b>50.54</b>	<b>112.55</b>
Net Carrying amount			
<b>As at 31-03-2019</b>	<b>26.53</b>	<b>37.74</b>	<b>64.27</b>



Notes to Financial Statements – (continued)

(Rupees in crores)

4. INVESTMENTS

Sl. No.	Particulars	No. of shares / units		Face Value	Currency	Rupees in crores	
		As at 31.03.2019	As at 31.03.2018			As at 31.03.2019	As at 31.03.2018
1	2	3	4	5	6	7	8
<b>(a)</b>	<b>Investment in Equity Instruments Fair valued through OCI:</b>						
	<b>Quoted:</b>						
(i)	Suprajit Engineering Limited, Bengaluru	28,92,000	28,92,000	1.00	INR	70.80	80.35
(ii)	Ucal Fuel Systems Limited, Chennai	91,760	91,760	10.00	INR	1.47	2.16
(iii)	Suprajit Engineering Limited, Bengaluru	57,72,000	57,72,000	1.00	INR	141.30	160.75
(iv)	Harita Seating Systems Limited, Chennai	7,280	7,280	10.00	INR	0.33	0.72
	<b>Unquoted:</b>						
(v)	Green Infra BTV Limited, New Delhi (formerly known as TVS Energy Limited)	32,50,000	32,50,000	10.00	INR	1.29	1.19
(vi)	Green Infra BTV Limited, New Delhi (formerly known as TVS Energy Limited)	45,00,000	45,00,000	10.00	INR	4.50	4.50
(vii)	TVS Lanka (Private) Limited, Colombo	50,00,000	50,00,000	10.00	LKR	10.52	10.52
(viii)	Green Infra Wind Power Projects Limited, New Delhi	1,11,600	1,11,600	10.00	INR	0.06	0.05
(ix)	Green Infra Wind Energy Theni Limited, New Delhi (formerly known as TVS Wind Energy Limited)	30,00,000	30,00,000	10.00	INR	1.37	1.26
(x)	Green Infra Wind Power Generation Limited, New Delhi	2,16,000	2,16,000	10.00	INR	0.13	0.13
(xi)	Suryadev Alloys & Power Private Limited, Chennai	2,500	2,500	10.00	INR	–	0.02
(xii)	Condivision Solutions Pvt. Limited, Bengaluru	6,760	6,760	10.00	INR	2.00	2.00
(xiii)	Ultraviolette Automotive Private Limited	14,850	6,750	10.00	INR	11.00	5.00
(xiv)	Mulanur Renewable Energy Pvt. Limited, Chennai	15,000	15,000	10.00	INR	0.02	0.02
(xv)	PHI Research Pvt. Limited,	3,50,000	3,50,000	10.00	INR	3.01	3.01
(xvi)	Sai Regency Power Corporation Private Limited, Chennai	3,75,000	3,75,000	10.00	INR	0.38	0.38
(xvii)	Adyar Property Holding Company Limited, Chennai (Cost ₹ 6,825)	105	105		INR	–	–
(xviii)	Atria Wind Power Bijapur 1 Limited, Bengaluru	1,01,217	–	10.00	INR	1.93	–
	Private equity instruments:						
(xix)	TVS Shriram Growth fund Scheme 1A of TVS Capital Funds Limited, Chennai	4,480	37,256	1,000.00	INR	0.19	1.71
(xx)	TVS Shriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai	24,306	45,913	1,000.00	INR	8.44	11.37
(xxi)	TVS Shriram Growth fund Scheme 3 of TVS Capital Funds Limited, Chennai	20,000	–	–	INR	2.00	2.00
	<b>Total value of Equity Instruments (a)</b>					<b>260.74</b>	<b>287.14</b>
<b>(b)</b>	<b>Investments in Preference Shares: (Unquoted)</b>						
(i)	Pinnacle Engines Inc., USA (face value 0.01 cent)	24,09,638	24,09,638	0.0001	USD	11.70	11.70
(ii)	Axiom Research Labs Private Limited, Delhi	82	82	10.00	INR	1.00	1.00
(iii)	TVS Lanka (Private) Limited, Colombo	37,00,00,000	–	1.00	LKR	14.75	–
	<b>Total value of Preference shares (b)</b>					<b>27.45</b>	<b>12.70</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 4. INVESTMENTS - (continued)

Sl. No.	Particulars	No. of shares / units		Face Value	Currency	Rupees in crores	
		As at 31.03.2019	As at 31.03.2018			As at 31.03.2019	As at 31.03.2018
1	2	3	4	5	6	7	8
(c)	<b>Other non-current investments:</b>						
	<u>Investments valued through OCI:</u>						
(i)	Autotech Fund L.L.P. USA					17.85	10.11
(ii)	Harita Accessories LLP				INR	0.96	–
	<u>Pension Funds / Government Securities (Unquoted)</u>						
(iii)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai				INR	5.92	6.11
(iv)	Life Insurance Corporation Pension Policy, Mumbai				INR	18.00	12.98
(v)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai				INR	2.78	2.73
(vi)	Life Insurance Corporation Pension Policy, Chennai				INR	9.58	5.32
(vii)	5 Years National Savings Certificates VIII Issue (in the name of nominee) - Face Value - ₹ 10,000/-				INR	–	–
(viii)	Tulsyan NEC Limited, Chennai	1,21,875	1,21,875	10.00	INR	0.37	0.37
(ix)	Investment in Mutual Funds				INR	0.46	0.94
	<b>Debt Instruments</b>						
(x)	Investment in Zero coupon bonds					–	145.49
(xi)	National Savings Certificates (₹ 37100/- deposited with Sales Tax authorities)					–	–
(xii)	Investment in 6% Non Cumulative Redeemable Preference shares					146.57	–
	<b>Total value of other investments (c)</b>					<b>202.49</b>	<b>184.05</b>
	<b>Total (a) + (b) + (c)</b>					<b>490.68</b>	<b>483.89</b>
	Aggregate amount of quoted investments and market value thereof					216.12	243.98
	Aggregate amount of unquoted investments					276.78	239.91
	Aggregate amount of impairment in value of investments					(2.22)	–
	<b>Total</b>					<b>490.68</b>	<b>483.89</b>

1. All investments are fully paid up except investment in Adyar Property Holding Company Limited, Chennai.

## Consolidated Financial Statements of *Sundaram-Clayton Limited*

### Notes to Financial Statements – (continued)

	(Rupees in crores)	
	As at 31.03.2019	As at 31.03.2018
<b>5 INVESTMENTS ACCOUNTED USING EQUITY METHOD</b>		
Cost of investment in Associates (Emerald Haven Realty Limited, Chennai, Sundram Non-conventional Energy Systems Limited, Chennai and TVS Training and Services Limited, Chennai)	114.10	114.10
Add: Share of Other Equity	12.98	9.44
<b>Total</b>	<b><u>127.08</u></b>	<b><u>123.54</u></b>
<b>6 OTHER NON-CURRENT ASSETS</b>		
Capital advances	92.80	84.78
<u>Advances other than capital advances:</u>		
Prepaid expenses	26.45	16.18
Indirect taxes receivable	20.10	17.62
Statutory and other deposits	30.34	36.81
<b>Total</b>	<b><u>169.69</u></b>	<b><u>155.39</u></b>
<b>7 INVENTORIES</b>		
Raw materials and components	742.73	575.81
Goods-in-transit - Raw materials and components	113.98	135.38
Work-in-process	110.72	116.12
Finished goods	417.92	342.98
Stock-in-trade	75.48	59.83
Stores and spares	162.04	186.88
<b>Total</b>	<b><u>1,622.87</u></b>	<b><u>1,417.00</u></b>
<b>8 TRADE RECEIVABLES</b>		
Secured, considered good	18.90	16.62
Unsecured, considered good	1,723.63	1,296.08
Doubtful	1.91	10.86
<b>Total</b>	<b><u>1,744.44</u></b>	<b><u>1,323.56</u></b>
Less: Allowance for doubtful receivables	19.19	10.86
<b>Total</b>	<b><u>1,725.25</u></b>	<b><u>1,312.70</u></b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

### 9 LOANS (RECEIVABLE FROM FINANCING ACTIVITY)

Particulars	As at 31-03-2019		As at 31-03-2018	
	Current	Non Current	Current	Non Current
<u>Secured:</u>				
Automobile Financing				
Considered good	3,947.99	3,091.52	3,143.97	2,696.33
Considered Doubtful	118.30	101.94	177.03	151.84
Less: Loss allowance				
Provision for expected credit loss (Refer Note 35)	(82.86)	(16.75)	(80.53)	(21.92)
<u>Unsecured:</u>				
Financing (Others)				
Considered good	500.55	431.33	–	–
Considered doubtful	25.75	22.19	–	–
Less: Loss allowance				
Provision for expected credit loss	(31.46)	(5.43)	–	–
<u>Unsecured and considered good:</u>				
Trade Advance and Term loan	124.09	–	67.31	–
Provision for expected credit loss (Refer Note 35)	(2.53)	–	(2.33)	–
	<b>4,599.83</b>	<b>3,624.80</b>	<b>3,305.45</b>	<b>2,826.25</b>

### 10 CASH AND CASH EQUIVALENTS

	As at 31.03.2019	As at 31.03.2018
Balances with banks in current accounts	131.82	71.84
Deposits with maturity of less than three months	–	2.34
Cash on hand	32.85	29.19
<b>Total</b>	<b><u>164.67</u></b>	<b><u>103.37</u></b>

### 11 OTHER BANK BALANCES

	As at 31.03.2019	As at 31.03.2018
Earmarked balances with banks (for unpaid dividend)	6.47	5.20
Balance with banks (with more than 3 months and less than 12 months maturity)	38.53	66.42
<b>Total</b>	<b><u>45.00</u></b>	<b><u>71.62</u></b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

	(Rupees in crores)	
	As at 31.03.2019	As at 31.03.2018
<b>12 FINANCIAL ASSETS - OTHERS</b>		
<b><u>Non-Current</u></b>		
Deposits	21.28	19.19
Loans given to employees	0.76	1.75
Loans to others	5.88	7.16
Derivatives (Forwards, POS, IRS, Call spread)	5.41	0.82
Bank deposits	0.15	0.13
Sub-total	33.48	29.05
<b><u>Current</u></b>		
<u>Unsecured, Considered Good :</u>		
Employee Advances	17.00	15.94
Security Deposits	4.92	4.78
Claims receivable	7.10	5.55
Derivative financial instruments - receivable	17.78	1.62
Receivable towards sale of fixed assets	62.98	62.79
Drawback receivable	3.31	1.65
Sub-total	113.09	92.33
<b>Total</b>	<b>146.57</b>	<b>121.38</b>
<b>13 OTHER CURRENT ASSETS</b>		
VAT/IT/Excise/GST receivable	416.70	494.98
Prepaid expense	39.43	34.79
Vendor advance	40.37	103.98
Trade Deposits	28.75	0.96
Export Incentive receivable	72.19	73.71
Others	5.84	1.82
<b>Total</b>	<b>603.28</b>	<b>710.24</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

#### 14 SHARE CAPITAL

**(a) Details of authorised, issued and subscribed share capital**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Number	Rupees in crores	Number	Rupees in crores
Authorised Capital				
Equity Shares of ₹ 5/- each	5,00,00,000	25.00	5,00,00,000	25.00
Issued, Subscribed & Paid up Capital				
Equity Shares of ₹ 5/- each fully paid	2,02,32,085	10.12	2,02,32,085	10.12
	<b>2,02,32,085</b>	<b>10.12</b>	<b>2,02,32,085</b>	<b>10.12</b>

**(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	2,02,32,085	10.12	2,02,32,085	10.12
Shares Issued during the year	–	–	–	–
Shares outstanding at the end of the year	<b>2,02,32,085</b>	<b>10.12</b>	<b>2,02,32,085</b>	<b>10.12</b>

**(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, 2013.

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 the year**

Name of shareholder	Relationship	Class of share	As at 31-03-2019		As at 31-03-2018	
			Number of shares held	% of holding	Number of shares held	% of holding
T V Sundram Iyengar & Sons Pvt Ltd- Madurai	Holding company	Equity	38,07,330	18.82	38,07,330	18.82
Sundaram Industries Pvt Ltd- Madurai	Fellow Subsidiary	Equity	60,62,522	29.96	60,62,522	29.96
Southern Roadways Limited- Madurai	Fellow Subsidiary	Equity	30,31,127	14.98	30,31,127	14.98

**(e) Details of shareholders holding more than five percent at the end of the year (other than 14 (d)) above**

Name of shareholder	Class of share	As at 31-03-2019		As at 31-03-2018	
		Number of shares held	% of holding	Number of shares held	% of holding
Sundaram Finance Holdings Limited- Chennai	Equity	22,73,081	11.24	22,73,081	11.24

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 15 OTHER EQUITY

Particulars	As at 31-03-2019	As at 31-03-2018
General Reserve	658.10	658.10
Capital Reserve	99.11	99.11
Securities Premium Reserve	36.42	36.42
Statutory Reserve	25.32	10.28
Retained Earnings	1,467.33	1,138.21
Other Reserves	177.39	199.20
	<b>2,463.67</b>	<b>2,141.32</b>
Non-controlling interest	1,425.66	1,191.21

#### 16 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

Nature	Lenders	As at 31-03-2019	As at 31-03-2018	Status as at 31-03-2019			
				Interest Rate	Frequency	No. of Instalments Due	Maturity
Secured Borrowings:							
FCNRB Term Loan - I	Bank	69.16	–	3 Month USD LIBOR plus Margin	Bullet	–	Mar-21
FCNRB Term Loan - II	Bank	82.99	78.21	Overnight LIBOR plus margin	Half Yearly	6	Sep-22
FCNRB Term Loan - III	Bank	69.16	–	3 Month USD LIBOR plus Margin	–	–	Jul-21
ECB Loan 1 (4 Tranches)	Bank	–	130.16	3 Month USD LIBOR plus Margin	Bullet	4	Jul-2018 to Dec-2018
ECB Loan 2	Bank	68.76	64.66	3 Month USD LIBOR plus Margin	Half Yearly	7	Mar-23
ECB Loan 3	Bank	–	78.03	3 Month USD LIBOR plus Margin	Bullet	–	Oct-18, Nov- 18 & Mar-19
ECB Loan 4	Bank	68.76	64.65	6 Month USD LIBOR plus Margin	Half Yearly	6	May-22
ECB Loan 5	Bank	102.77	–	3 Month USD LIBOR plus Margin	Quarterly	12	Feb-24
ECB Loan 6	Bank	206.09	–	3 Month USD LIBOR plus Margin	Quarterly	4	Feb-23
Rupee Term loan II	Bank	99.90	64.88	MCLR plus margin	Quarterly	12	Dec-23
Rupee Term loan III	Financial Institution	–	65.00	MCLR plus margin	Bullet	–	Mar-21
Rupee Term loan IV	Bank	100.00	–	MCLR plus margin	Quarterly	12	Jun-23
Term Loan	Bank	80.60	65.00	3 Month USD LIBOR plus Margin	Half Yearly	3	Jul-2019
Term Loan	Bank	199.97	200.00	8.3%	Bullet	1	Oct-2019
Term Loan	Bank	39.67	87.05	8.2%	Quarterly	7	Dec-2019
Term Loan	Bank	10.08	20.00	8.8%	Quarterly	8	Mar-2020
Term Loan	Bank	30.31	90.00	8.4%	Quarterly	6	Sep-2019
Term Loan	Bank	–	21.21				
Term Loan	Bank	–	33.33				
Term Loan	Bank	–	40.00				

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 16 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS - (continued)

Nature	Lenders	As at 31-03-2019	As at 31-03-2018	Status as at 31-03-2019			
				Interest Rate	Frequency	No. of Instalments Due	Maturity
Term Loan	Bank	–	15.00				
Term Loan	Bank	–	74.90				
Term Loan	Bank	8.38	41.97	8.4%	Quarterly	5	Jun-2019
Term Loan	Bank	–	40.00				
Term Loan	Bank	–	20.00				
Term Loan	Bank	–	8.33				
Term Loan	Bank	10.00	30.00	8.5%	Quarterly	6	Jul-2019
Term Loan	Bank	12.50	37.50	8.9%	Half Yearly	3	Aug-2019
Term Loan	Bank	8.33	25.00	8.5%	Quarterly	6	Sep-2019
Term Loan	Bank	28.66	64.67	8.5%	Monthly	21	Jan-2020
Term Loan	Bank	24.99	58.33	8.4%	Quarterly	7	Dec-2019
Term Loan	Bank	–	50.00				
Term Loan	Bank	75.58	174.88	8.4%	Quarterly	7	Dec-2019
Term Loan	Bank	39.99	80.00	8.5%	Quarterly	8	Mar-2020
Term Loan	Bank	16.67	33.33	8.4%	Quarterly	8	Mar-2020
Term Loan	Bank	12.50	62.50	8.3%	Quarterly	5	Jun-2019
Term Loan	Bank	37.50	87.50	8.4%	Quarterly	7	Dec-2019
Term Loan	Bank	–	38.23				
Term Loan	Bank	60.00	100.00	8.4%	Quarterly	10	Aug-2020
Term Loan	Bank	140.94	200.00	8.2%	Quarterly	10	Nov-2020
Term Loan	Bank	99.98	100.00	8.3%	Annual	2	Sep-2020
Term Loan	Bank	126.67	190.00	8.4%	Quarterly	12	Mar-2021
Term Loan	Bank	214.48	200.36	8.0%	Bullet	1	Mar-2019
Term Loan	Bank	58.32	91.67	8.1%	Quarterly	11	Nov-2020
Term Loan	Others	70.00	100.00	8.1%	Quarterly	10	Dec-2020
Term Loan	Bank	150.00	–	8.4%	Half Yearly	4	Sep-2021
Term Loan	Bank	208.32	–	8.8%	Monthly	30	Sep-2021
Term Loan	Bank	83.33	–	8.4%	Quarterly	10	Jun-2021
Term Loan	Bank	100.00	–	9.1%	Quarterly	1	May-2021
Term Loan	Bank	136.00	–	8.8%	Quarterly	9	Mar-2021
Term Loan	Bank	209.69	–	9.5%	Quarterly	8	Apr-2021
Term Loan	Bank	140.00	–	9.8%	Quarterly	8	May-2021
Term Loan	Bank	201.34	–	9.8%	Quarterly	10	Dec-2021
Term Loan	Bank	150.00	–	9.4%	Half Yearly	6	Dec-2021
Term Loan	Bank	456.09	–	9.5%	Quarterly	11	Dec-2021
Term Loan	Bank	99.89	–	9.1%	Quarterly	10	Feb-2022
Term Loan	Bank	601.06	–	9.4%	Quarterly	10	Feb-2022
Term Loan	Bank	499.89	–	8.8%	Quarterly	10	Feb-2022
Term Loan	Others	62.85	158.10				
Term Loan (4 Tranches)	State owned corporation	157.08	157.08	0.1%	Bullet	4	2022-27



## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 16 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS - (continued)

Nature	Lenders	As at 31-03-2019	As at 31-03-2018	Status as at 31-03-2019			
				Interest Rate	Frequency	No. of Instalments Due	Maturity
Unsecured Borrowings:							
Sub Debt	Bank	12.50	18.75	10.1%	Annual	3	Jun-2020
Sub Debt	Others	24.92	25.00	9.7%	Bullet	1	Sep-2022
Sub Debt	Bank	50.39	49.95	9.5%	Bullet	1	May-2023
Sub Debt	Bank	50.00	50.00	9.3%	Bullet	1	Jul-2023
Sub Debt	Bank	25.00	25.00	9.7%	Bullet	1	Sep-2022
Sub Debt	Bank	49.94	49.84	10.0%	Bullet	1	Apr-2022
Sub Debt	Others	29.00	43.50	8.0%	Annual	3	Jan-2020
Sub Debt	Others	49.94	50.00	11.5%	Bullet	1	Sep-2020
Sub Debt	Others	50.00	50.00	11.0%	Bullet	1	Jul-2021
Sub Debt	Others	49.88	50.00	10.8%	Bullet	1	Sep-2021
Sub Debt	Bank	50.00	49.92	10.5%	Bullet	1	May-2022
Sub Debt	Bank	98.41	–	10.9%	Bullet	1	Aug-2024
Perpetual Debt	Others	99.76	99.76	11.5%	Bullet	1	Nov-2027
Soft loan	Others	0.67	1.31	0.0%	Annual	1	
Buyers credit	Bank	4.27	4.02	6 Month USD LIBOR plus Margin	Bullet	–	Jul-2019
ECB Loan 7	Bank	138.31	–	3 Month USD LIBOR plus Margin	Half Yearly	6	Sep-23
Sales Tax Deferral Phase I	Others	18.99	25.32	0.0%	Annual	4	2020-21
Sales Tax Deferral Phase II	Others	141.55	157.28	0.0%	Annual	10	2027-28
		<b>6,472.78</b>	<b>4,091.18</b>				
<b>Less: Current Maturities of Long Term Borrowings (Refer Note 21)</b>		<b>1,179.96</b>	<b>1,452.18</b>				
<b>Total Non Current Financial Liabilities (Borrowings)</b>		<b>5,292.82</b>	<b>2,639.00</b>				

Details of securities created:

- 1) ECB Loan from Banks - Hypothecation of Movable fixed assets
- 2) ECB Loan 5 & 6 - Hypothecation of movable fixed assets, charge creation is under process.
- 3) Rupee Term Loan II: Secured by first and exclusive charge on specific plant and equipment situated at the Company's factories.
- 4) Rupee Term Loan IV -Exclusive charge on land and building and *pari-passu* charge on plant and machinery to the tune of INR 1000 Mn
- 5) Holding Company has given guarantee in the form of Put Option amounting to ₹ 12.50 crores (Previous year ₹ 18.75 crores) towards Sub-Ordinated Debt.
- 6) Soft loan is repayable in 5 yearly instalments, from the commencement of 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.
- 7) Term loan received from banks and other parties of ₹ 4436.11 crores (previous year ₹ 2573.86 crores) inclusive of current and non current dues is secured against hypothecation of receivables from the financing activity of the Company.
- 8) Loan from 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 land.
- 9) FCNR(B) loan from Bank: Secured by charge on specific plant and equipment situated at the Company's factories.
- 10) Term loans received from bank for an amount of ₹ 80.60 crores is secured over a lien on collection account held at a foreign country.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 17 PROVISIONS

Particulars	As at 31-03-2019		As at 31-03-2018	
	Current	Non-current	Current	Non-current
<b>Provision for Employee Benefits</b>				
(a) Pension	29.02	78.61	41.32	70.11
(b) Leave salary	8.16	32.19	5.61	30.80
(c) Gratuity	0.94	–	4.43	3.89
<b>Others</b>				
(a) Warranty	34.79	–	29.26	–
(b) Sales tax	–	1.95	–	1.95
(c) Disputed tax provided for	13.21	–	10.69	–
<b>Total</b>	<b>86.12</b>	<b>112.75</b>	<b>91.31</b>	<b>106.75</b>

Movement in provision :

Particulars	Warranty	Sales tax	Disputed tax provided for
Opening balance as on 01-04-2018	29.26	1.95	10.69
Additional provisions made during the year	5.53	–	2.52
Amounts utilised	–	–	–
Closing balance as on 31-03-2019	34.79	1.95	13.21

As at 31.03.2019      As at 31.03.2018

#### 18 DEFERRED TAX LIABILITIES / (ASSETS)

The balance comprises temporary differences attributable to:

Depreciation	401.15	369.10
Others	–	–
<b>Total deferred tax liability</b>	<b>401.15</b>	<b>369.10</b>

Deferred tax asset consists of :

- tax on employee benefit expenses	52.97	52.42
- tax on warranty provision	12.64	10.98
- tax on expected credit losses provision	35.47	23.78
- tax on investment property	18.24	13.91
- tax on finance cost provision	50.02	50.02
- tax on investments	5.35	5.46
- tax on others	23.18	8.82
- Unused tax credits (MAT credit entitlement)	85.66	134.16
- Carried forward loss	40.31	34.93
Total deferred tax assets	323.84	334.48
<b>Net deferred tax liability</b>	<b>77.31</b>	<b>34.62</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 18 DEFERRED TAX LIABILITIES / (ASSETS) - (continued)

Movement in deferred tax:	<b>Depreciation</b>	<b>Others</b>	<b>Total</b>
As at 01-04-2018	<u>369.10</u>	<u>(334.48)</u>	<u>34.62</u>
Charged/(credited):			
- to profit or loss	32.05	(33.98)	(1.93)
- to other comprehensive income	–	(2.43)	(2.43)
- to share of associate adjustment as per Ind AS 115, (Tax on retrospective application with cumulative effect)	–	(0.96)	(0.96)
- utilisation tax credits (MAT credit utilisation)	–	48.03	48.03
- Unused tax credits (MAT credit entitlement)	–	(0.02)	(0.02)
- to disputed tax provided for	–	–	–
- Carried forward loss	–	–	–
<b>As at 31-03-2019</b>	<b><u>401.15</u></b>	<b><u>(323.84)</u></b>	<b><u>77.31</u></b>

As at 31.03.2019      As at 31.03.2018

#### 19 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

Borrowings repayable on demand from banks		
Secured*	2,319.72	1,718.86
Unsecured	438.11	449.26
Short term loans:		
From banks:		
Secured	–	540.00
Unsecured	791.15	735.25
From others (secured)	–	58.50
<b>Total Borrowings under Current Liabilities</b>	<b><u>3,548.98</u></b>	<b><u>3,501.87</u></b>

\* Details of securities created for loans repayable on demand:

First charge by way of hypothecation and / or pledge of all current assets viz., inventories of raw materials, semi finished and finished goods, stores and spares, bills receivable, book debts and all other current assets

Short term borrowings from banks of a subsidiary include :

- a) A loan of ₹ 84.86 crores in USD obtained from a bank, secured by a letter of credit issued by a bank in India and
- b) A loan of ₹ 3.05 crores in IDR and ₹ 13.87 crores in USD obtained from another bank secured by subsidiary inventories and trade account receivable.
- c) Working capital loan and cash credit of ₹ 1,346.49 crores obtained by a subsidiary company are secured by hypothecation of receivables under the financing activity of the Company.

#### 20 TRADE PAYABLES

##### Current

Dues to Micro and Small Enterprises **	82.75	87.22
Dues to enterprises other than Micro and Small Enterprises	3,260.63	2,926.55
<b>Total trade payables</b>	<b><u>3,343.38</u></b>	<b><u>3,013.77</u></b>

\*\* Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

	As at 31.03.2019	As at 31.03.2018
<b>21 OTHER FINANCIAL LIABILITIES</b>		
<b>Non-Current</b>		
Derivative Instruments - Payable	<u>8.31</u>	<u>2.79</u>
<b>Current</b>		
Current Maturities of long term borrowings		
(i) ECB Loan from Bank	18.44	208.19
(ii) Financing company borrowings	1,022.20	1178.6
(iii) Term loans	80.60	–
(iv) Term loans - FCNRB loan - II	13.83	–
(v) Financial Institution	–	43.33
(vi) Term loan from bank - IV	10.22	–
(vii) Rupee Term Loan	8.34	–
(viii) Buyers credit	4.27	–
(ix) Sales tax deferral loan from Karnataka Government - Phase I	6.33	6.33
(x) Sales tax deferral loan from Karnataka Government - Phase II	15.73	15.73
	<u>1,179.96</u>	<u>1,452.18</u>
Interest accrued but not due on loans	21.33	22.36
Trade deposits received	75.27	51.82
Unclaimed Dividends (Not due for transfer to Investor Education and Protection Fund)	6.47	5.20
Payables against capital goods	56.33	48.31
Employee related liabilities	26.44	16.56
Liabilities for expenses	11.55	8.05
Derivative Instruments - Payable	14.47	7.07
Collection in respect of derecognised assets	3.56	18.15
<b>Total other current financial liabilities</b>	<u><b>1,395.38</b></u>	<u><b>1,629.70</b></u>
<b>22 OTHER CURRENT LIABILITIES</b>		
Statutory dues	191.71	202.12
Employee related	132.10	90.85
Advance received from customers	67.71	93.04
Deferred income - Government grants	9.36	8.58
Money held under trust	4.45	1.47
<b>Total other current liabilities</b>	<u><b>405.33</b></u>	<u><b>396.06</b></u>
	Year ended 31.03.2019	Year ended 31.03.2018
<b>23 REVENUE FROM OPERATIONS (INCLUDING EXCISE DUTY)</b>		
Sale of products	19,572.73	16,852.41
Sale of raw materials	–	58.20
Sale of services	25.81	15.18
Interest income of financial enterprise	1,457.46	669.70
Other operating revenue	491.89	307.07
<b>Total revenue</b>	<u><b>21,547.89</b></u>	<u><b>17,902.56</b></u>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

	Year ended 31.03.2019	Year ended 31.03.2018
<b>24 OTHER INCOME</b>		
Dividend income	2.16	1.65
Interest income	6.86	50.25
Profit on sale of Investments	1.01	–
Profit on sale of property, plant and equipment	0.16	2.77
Gain on foreign currency transactions and translation	–	0.32
Increase in Fair value of Investments	0.50	59.70
Fair value changes on derivatives not designated as hedges	–	19.04
Provision for debtors no longer required	9.17	4.50
Government Grant #	–	9.67
Other non-operating income	7.89	0.47
<b>Total other income</b>	<b>27.75</b>	<b>148.37</b>
# Relatable to operations of the Company.		
<b>25 COST OF MATERIALS CONSUMED</b>		
Opening stock of raw materials and components	575.81	590.97
Add: Purchases	<u>14,476.15</u>	<u>11,461.46</u>
	15,051.96	12,052.43
Less: Closing stock of raw materials and components	<u>742.73</u>	<u>575.81</u>
<b>Consumption of raw materials and components</b>	<b>14,309.23</b>	<b>11,476.62</b>
<b>Purchases of stock-in-trade</b>	<b>244.84</b>	<b>256.07</b>
<b>Changes in inventories of finished goods, work-in-process and stock-in-trade:</b>		
Opening stock:		
Work-in-process	116.12	121.18
Stock-in-trade	59.83	152.97
Finished goods	342.98	229.28
<b>Total (A)</b>	<b>518.93</b>	<b>503.43</b>
Closing stock:		
Work-in-process	110.72	116.12
Stock-in-trade	75.48	59.83
Finished goods	417.92	342.98
<b>Total (B)</b>	<b>604.12</b>	<b>518.93</b>
<b>Changes in inventories (A)-(B)</b>	<b>(85.19)</b>	<b>(15.50)</b>
<b>26 EMPLOYEE BENEFIT EXPENSE *</b>		
Salaries, wages and bonus	1,472.52	1,182.74
Contribution to provident and other funds	85.72	78.99
Welfare expenses	155.17	142.74
<b>Total employee benefit expense</b>	<b>1,713.41</b>	<b>1,404.47</b>
<b>27 FINANCE COSTS</b>		
Interest	690.94	354.48
Other borrowing cost	21.36	11.36
Exchange differences	6.26	6.08
<b>Total finance costs</b>	<b>718.56</b>	<b>371.92</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

	Year ended 31.03.2019	Year ended 31.03.2018
<b>28 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation on Property, Plant and Equipment	501.05	417.06
Amortisation on Intangible assets	32.85	29.62
<b>Total depreciation and amortisation expense</b>	<b><u>533.90</u></b>	<b><u>446.68</u></b>
<b>29 OTHER EXPENSES *</b>		
Consumption of stores, spares and tools	163.26	176.51
Power and fuel	262.04	246.76
Rent	84.56	63.83
Repairs - buildings	38.66	35.77
Repairs - plant and equipment	114.04	111.59
Insurance	22.40	19.59
Rates and taxes (excluding taxes on income)	11.42	13.90
Audit fees (Refer note 37 (iii) )	2.23	2.48
Packing and freight charges	486.30	855.31
Advertisement and publicity	399.06	307.45
Other marketing expenses	378.86	338.24
Loss on sale of property, plant and equipment	3.85	0.15
Loss on sale of investments	-	29.03
Foreign exchange loss	23.29	31.46
Loss allowance for expected credit losses relating to loans	183.71	80.86
Corporate social responsibility expenditure	14.12	11.93
Contributions to electoral trust	9.00	0.53
Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or ₹ 10 lakh, whichever is higher)	829.97	555.07
<b>Total other expenses</b>	<b><u>3,026.77</u></b>	<b><u>2,880.46</u></b>
* Net of recoveries and claims made		
<b>30 CURRENT TAX</b>		
Current tax on profits for the year	370.63	253.70
Adjustments for current tax of prior periods	0.59	(7.36)
<b>Total current tax</b>	<b><u>371.22</u></b>	<b><u>246.34</u></b>
<b>31 DEFERRED TAX</b>		
Decrease / (increase) in deferred tax assets	(36.50)	(39.99)
(Decrease) / increase in deferred tax liabilities	33.27	39.44
Unused tax (credit) (MAT credit entitlement)	(0.02)	(29.10)
Unused tax (credit) / reversal (MAT credit entitlement) of prior periods	-	(4.74)
<b>Total deferred tax expense / (benefit)</b>	<b><u>(3.25)</u></b>	<b><u>(34.39)</u></b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

	Year ended 31.03.2019	Year ended 31.03.2018
<b>31 DEFERRED TAX - (continued)</b>		
<b>Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>		
Profit before income tax expense	1114.12	839.39
<b>Tax at the Indian tax rate of 34.94% (2017-2018 - (34.61%))</b>	<u>389.27</u>	<u>290.51</u>
Additional deduction towards Research & Development expenses	(40.39)	(65.09)
Additional deduction towards Depreciation / Amortisation	–	(18.30)
Fair valuation gains not subjected to current tax	–	(20.32)
Capital Receipts	(8.30)	(3.57)
Others	2.71	7.09
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other items	–	(1.16)
Tax differences due to subsidiary adjustments	24.09	32.52
Tax Relating to Earlier Years	0.59	(7.36)
Deferred Tax Liability	–	(25.82)
MAT Credit Entitlement	–	23.45
<b>Income tax expense</b>	<u><b>367.97</b></u>	<u><b>211.95</b></u>
<b>32 EARNINGS PER SHARE</b>		
(a) Basic and diluted earnings per share		
Basic and diluted earnings per share attributable to the equity holders of the Company (in Rs)	213.59	167.12
(b) Earnings used in calculating earnings per share		
Basic and diluted earnings per share		
Profit attributable to equity holders of the company used in calculating basic earnings per share	432.14	338.13
(c) Weighted average number of equity shares used as the denominator in calculating basic earnings per share		
	2,02,32,085	2,02,32,085

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

#### 33 FAIR VALUE MEASUREMENTS

Financial instruments by category	March 31, 2019			March 31, 2018		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Investments						
- Equity instruments	–	260.74	0.37	–	287.14	0.37
- Preference shares	–	–	27.45	–	–	12.70
- Debt instruments	–	–	146.57	–	–	145.49
– Others	0.46	18.81	36.28	0.94	10.11	27.14
Trade receivables	–	–	1,725.25	–	–	1,312.70
Loans (Receivable from financing activity)	–	–	8,224.63	–	–	6,131.70
Other Bank balances	–	–	209.82	–	–	175.12
Derivative financial assets	5.41	17.78	–	0.82	1.62	–
Security Deposits	–	–	21.28	–	–	19.19
Other Financial assets	–	–	98.64	–	–	97.97
<b>Total financial assets</b>	<b>5.87</b>	<b>297.33</b>	<b>10,490.29</b>	<b>1.76</b>	<b>298.87</b>	<b>7,922.38</b>
<b>Financial liabilities</b>						
Borrowings	–	–	10,021.76	–	–	7,593.05
Trade Payables	–	–	3,343.38	–	–	3,013.77
Derivative Financial Liability	8.31	14.47	–	7.17	2.69	–
Other Financial Liability	–	–	200.95	–	–	170.45
<b>Total financial liabilities</b>	<b>8.31</b>	<b>14.47</b>	<b>13,566.09</b>	<b>7.17</b>	<b>2.69</b>	<b>10,777.27</b>

#### (i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.



## Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

### 33 FAIR VALUE MEASUREMENTS - (continued)

#### Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2019	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial Investments at FVTPL	4	0.46	5.41	–	5.87
Financial Investments at FVOCI	4	213.90	29.44	36.21	279.55
Derivatives designated as hedges	12	–	17.78	–	17.78
<b>Total financial assets</b>		<b>214.36</b>	<b>52.63</b>	<b>36.21</b>	<b>303.20</b>
<b>Financial liabilities</b>					
Derivatives	21	–	22.78	–	22.78
<b>Total financial liabilities</b>		<b>–</b>	<b>22.78</b>	<b>–</b>	<b>22.78</b>

#### Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2019	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Investments					
Preference shares	4	–	–	27.45	27.45
Others	4	–	–	36.28	36.28
Debt instruments	4	–	–	146.57	146.57
<b>Total financial assets</b>		<b>–</b>	<b>–</b>	<b>210.30</b>	<b>210.30</b>
Financial Liabilities					
Borrowings	16, 19, 21	–	–	10,021.76	10,021.76
<b>Total financial liabilities</b>		<b>–</b>	<b>–</b>	<b>10,021.76</b>	<b>10,021.76</b>

#### Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2018	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial Investments at FVTPL	4	0.94	0.82	–	1.76
Financial Investments at FVOCI	4	243.98	25.19	28.08	297.25
Derivatives designated as hedges	12	–	1.62	–	1.62
<b>Total financial assets</b>		<b>244.92</b>	<b>27.63</b>	<b>28.08</b>	<b>300.63</b>
<b>Financial Liabilities</b>					
Derivatives	21	–	9.86	–	9.86
<b>Total financial liabilities</b>		<b>–</b>	<b>9.86</b>	<b>–</b>	<b>9.86</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

### 33 FAIR VALUE MEASUREMENTS - (continued)

#### Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2018	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Investments					
Preference shares	4	–	–	12.70	12.70
Others	4	–	–	27.14	27.14
Debt Instruments	4	–	–	145.49	145.49
<b>Total financial assets</b>		–	–	<b>185.33</b>	<b>185.33</b>
<b>Financial Liabilities</b>					
Borrowings	16, 19, 21	–	–	7,593.05	7,593.05
<b>Total financial liabilities</b>		–	–	<b>7,593.05</b>	<b>7,593.05</b>

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and other non current investments included in level 3.

There are no transfers between levels 1 and 2 during the year.

#### (ii) Valuation technique used to determine fair value (Level 2)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principle only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

#### (iii) Fair value measurement using significant unobservable inputs (Level 3)

Particulars	Unlisted Preference Shares	Unlisted Equity Shares	Total
<b>As at 01-04-2017</b>	887.55	95.70	983.25
Additions	(887.55)	(92.40)	(979.95)
Gains/(losses) recognised in profit or loss	–	–	–
Gains/(losses) recognised in other comprehensive income	–	24.78	24.78
<b>As at 31-03-2018</b>	–	28.08	28.08
Additions / (deletions)	–	7.91	7.91
Gains/(losses) recognised in profit or loss	–	–	–
Gains/(losses) recognised in other comprehensive income	–	0.22	0.22
<b>As at 31-03-2019</b>	–	<b>36.21</b>	<b>36.21</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

### 33 FAIR VALUE MEASUREMENTS - (continued)

#### (iv) Valuation inputs & relationships to fair value

Particulars	Fair value as at		Significant unobservable input	Probability weighted range for the year ended		Sensitivity
	31-Mar-19	31-Mar-18		31-Mar-19	31-Mar-18	
Unquoted Equity shares	36.21	28.08	a) Earnings growth rate	1-3%	1-3%	Not significant
			b) Risk adjusted discount rate	8%	8%	

#### (v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pretax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor of preference shares are based on cash flow projections of future earnings of the Company and unlisted equity securities are estimated based on market information for similar types of companies.

Risk adjustments have been derived based on the market risk premium adjusted for companies' relevered financial data.

#### (vi) Fair value of financial assets and liabilities measured at amortised cost

Particulars	31-Mar-19		31-Mar-18	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Investments				
Preference shares	27.45	27.45	12.70	12.70
Debt Instruments	146.57	146.57	145.49	145.49
<b>Total financial assets</b>	<b>174.02</b>	<b>174.02</b>	<b>158.19</b>	<b>158.19</b>
<b>Financial Liabilities</b>				
Borrowings	10,021.76	10,021.76	7,593.05	7,593.05
<b>Total financial liabilities</b>	<b>10,021.76</b>	<b>10,021.76</b>	<b>7,593.05</b>	<b>7,593.05</b>

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for Preference shares and other debt instruments were calculated based on cash flows discounted using a current lending rate, which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate, which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 34 FINANCIAL RISK MANAGEMENT

The group's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Risk Parameters and Mitigation
Market Risk - Foreign exchange		<ul style="list-style-type: none"> <li>i) The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions.</li> <li>ii) Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (INR).</li> <li>iii) The risk is measured through a forecast of highly probable foreign currency cash flows. The Group has a forex management policy which is duly approved by the Board.</li> <li>iv) The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.</li> </ul>
Market Risk - Interest rate	Foreign currency denominated borrowings	<ul style="list-style-type: none"> <li>i) The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk.</li> <li>ii) Group's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary.</li> <li>iii) The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.</li> </ul>
Liquidity Risk	INR denominated borrowings [Other than soft loans given by Govt. Authorities)	<ul style="list-style-type: none"> <li>i) The Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.</li> <li>ii) The Group prepares a detailed annual operating plans to assess the fund requirements - both short term and long term.</li> <li>iii) Detailed monthwise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance.</li> <li>iv) Group has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board.</li> <li>v) For long term fund requirements, Group targets various options such as rupee term loan, external commercial borrowing, debentures etc.</li> <li>vi) The Group obtains a credit rating for the various borrowing facilities on annual basis. Group constantly monitors the free cash flow from operations to ensure that the borrowing is minimized.</li> </ul>
Credit Risk		<ul style="list-style-type: none"> <li>i) Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost.</li> <li>ii) The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.</li> <li>iii) To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.</li> <li>iv) It considers available reasonable and supportive forwarding-looking information (more specifically described below). In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.</li> <li>v) A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.</li> </ul>
a.	Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
b.	Domestic Trade Receivables	<ul style="list-style-type: none"> <li>i) Domestic sales to the Dealers are based on advance payments received through banking channels or through inventory funding facilities availed by them from the banks.</li> <li>ii) The Group extends limited credit to the dealers and such extension of credit is based on dealers' credit worthiness, ability to repay and past track record.</li> <li>iii) The Group has extensive reporting systems and review to constantly monitor the outstandings.</li> </ul>
c.	Export Trade Receivables	The Group's export business is mostly based on Letters of credit. Export receivables are also covered through Insurance with Export Credit Guarantee Corporation of India Limited.

## Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

### 34 FINANCIAL RISK MANAGEMENT – (continued)

Risk	Exposure arising from	Risk Parameters and Mitigation
Export trade receivables and Import Payables		i) The Group has a forex management policy duly approved by the Board. The Group's policy is to hedge most of its net currency exposure. ii) Group reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements under are strictly adhered.
Foreign currency denominated borrowings		The Group has hedged its borrowings by covering the principal repayments.

#### (A) Credit risk

Basis of recognition of expected credit loss provision					
Rating	Category	Description of category	Investments	Loans and deposits	Trade receivables
1	High Quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	12 month expected credit losses		Life time expected credit losses (simplified approach)
2	Quality assets, low credit risk	Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past			
3	Standard Assets, moderate credit risk	Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong			
4	Substandard Assets, relatively high credit risk	Assets where there has been a significant increase in credit risk since initial recognition.	Life time expected credit losses		
5	Low quality assets, very high credit risk	Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due			
6	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the group. Where loans or receivables have been written off, the group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit and loss.	Asset is written off		

31-Mar-19

#### a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset/ Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	210.30	0%	–	210.30
	1	Other financial assets	119.92	0%	–	119.92

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 34 FINANCIAL RISK MANAGEMENT – (continued)

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	1,742.53	1.91	1,744.44
Expected loss rate	–	100%	–
Expected credit losses	17.28	1.91	19.19
Carrying amount of trade receivables	1,725.25	–	1,725.25

31-Mar-18

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset/ Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	185.33	0%	–	185.33
	1	Other financial assets	117.16	0%	–	117.16

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	1,312.70	10.86	1,323.56
Expected loss rate	–	100%	–
Expected credit losses	–	10.86	10.86
Carrying amount of trade receivables	1,312.70	–	1,312.70

#### Reconciliation of loss allowance provision - Trade receivables

Loss allowance April 1, 2017	<b>5.87</b>
Changes in loss allowance	4.99
Loss allowance March 31, 2018	<b>10.86</b>
Changes in loss allowance	8.33
Loss allowance March 31, 2019	<b>19.19</b>

#### (B) Liquidity risk

(i) Financing arrangements

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

	31-Mar-19	31-Mar-18
<b>Floating rate</b>		
- Expiring within one year (bank overdraft and other facilities)	2,114.89	1,279.01
- Expiring beyond one year (bank loans)	–	–

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity ranging 30 to 180 days.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 34 FINANCIAL RISK MANAGEMENT – (continued)

(ii) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for

- a) all non-derivative financial liabilities, and
- b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

31-Mar-19

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	1,931.19	572.76	2,799.13	3,744.81	973.67	10,021.56
Trade payables	3,343.38	–	–	–	–	3,343.38
Other financial liabilities	93.21	–	6.03	–	–	99.24
Derivatives	14.47	–	–	8.31	–	22.78

31-Mar-18

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	2,221.36	663.33	2,219.74	2,087.14	401.48	7,593.05
Trade payables	3,013.77	–	–	–	–	3,013.77
Other financial liabilities	92.23	–	–	9.84	–	102.07
Derivatives	3.27	–	2.11	4.48	–	9.86

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

#### (C) Market risk

i) **Foreign exchange risk**

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

Particulars	31-Mar-19		31-Mar-18	
	USD	EUR	USD	EUR
Financial assets				
Trade receivables	479.11	64.79	308.60	121.81
Derivatives	6.51	1.65	2.41	0.02
<b>Net exposure to foreign currency risk (assets)</b>	<b>485.62</b>	<b>66.44</b>	<b>311.01</b>	<b>121.83</b>
Financial liabilities				
Foreign currency loan	811.71	–	770.81	7.84
Trade payables	270.92	17.23	337.08	33.22
Derivatives	8.88	–	9.24	0.63
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>1,091.51</b>	<b>17.23</b>	<b>1,117.13</b>	<b>41.69</b>
<b>Net exposure to foreign currency risk assets / (liabilities)</b>	<b>(605.89)</b>	<b>49.21</b>	<b>(806.12)</b>	<b>80.14</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

### 34 FINANCIAL RISK MANAGEMENT – (continued)

#### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

Particulars	Impact on profit after tax*		Impact on other components of equity*	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
<b>USD sensitivity</b>				
INR/USD Increases by 10%	(15.63)	(63.65)	0.04	0.04
INR/USD Decreases by 10%	15.63	63.65	(0.04)	(0.04)
<b>EURO sensitivity</b>				
INR/EURO Increases by 10%	3.99	6.11	0.01	0.01
INR/EURO Decreases by 10%	(3.99)	(6.11)	(0.01)	(0.01)

\* Holding all other variables constant

#### ii) Interest Rate risk

For short term borrowings the marginal cost of lending rate of the bank is followed. Whenever, Group resorts to short term borrowing through Commercial Paper the rate of interest is fixed in advance. In respect of foreign currency borrowings for longer period the interest rates are covered through interest rate swaps (IRS).

	31-Mar-19	31-Mar-18
Variable rate borrowings	7,186.68	6,056.59
Fixed rate borrowings	2,835.06	1,536.46

Sensitivity	Impact on profit after tax	
	31-Mar-19	31-Mar-18
Increase in interest rates by 100 bps	(49.70)	(45.48)
Decrease in interest rates by 100 bps	49.70	45.48

#### iii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet either as fair value through OCI or at fair value through statement of profit and loss. To manage its price risk from investments in equity securities, the Group diversifies its portfolio. The impact of the changes in price risk is not material.

#### (D) Impact of hedging activities

i) Disclosure of effects of hedge accounting on financial position

a) Disclosure of effects of hedge accounting on financial position as at 31-03-2019

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
(i) Foreign exchange forward contracts, PCFC	638.66	29.94	579.90	0.58	Apr'19 to Jul'19	11.76	(11.76)
(ii) Principal only swaps & Interest rate swaps	–	731.51	5.58	421.87	Apr'19 to Feb'24	11.22	(11.22)



## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 34 FINANCIAL RISK MANAGEMENT – (continued)

b) Disclosure of effects of hedge accounting on financial position as at 31-03-2018

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
(i) Foreign exchange forward contracts, PCFC	335.99	59.37	257.77	0.67	Apr'18 to Aug'18	(3.30)	3.30
(ii) Principal only swaps & Interest rate swaps		224.91	1.62	5.57	Apr'18 to Sep'22	1.75	(1.75)

ii) Disclosure of effects of hedge accounting on financial performance :

a) for the year ended 31-03-2019

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC & Interest Rate Swap	(5.75)	–	(2.34)	Revenue

b) for the year ended 31-03-2018

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC & Interest Rate Swap	(3.17)	–	(2.45)	Revenue

#### 35 FINANCIAL RISK MANAGEMENT RELATING TO LOANS RECEIVABLE FROM FINANCING ACTIVITY

##### Credit Risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The exposure is continuously monitored.

Receivable from Finance Activity:

The following table sets out information about credit quality of retail loan assets measured at amortised cost based on number of days past due information. The amount represents gross carrying amount.

Particulars	31-Mar-19	31-Mar-18
Gross carrying value of loan assets:		
Stage-1 (less than 30 days)	7,773.51	5,738.38
Stage-2 (30-90 days)	321.98	169.24
Stage-3 (more than 90 days)	268.17	328.86
Total gross carrying value on reporting date	8,363.66	6,236.48

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 35 FINANCIAL RISK MANAGEMENT RELATING TO LOANS RECEIVABLE FROM FINANCING ACTIVITY - (continued)

##### Credit Quality

Financial services business has a comprehensive framework for monitoring credit quality of its retail and other loans based on days past due monitoring. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery is taken through follow ups and legal recourse.

Inputs considered in the ECL model

In assessing the impairment of loans assets under Expected Credit Loss (ECL) Model, the loan assets have been segmented into three stages.

The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages relate to the recognition of expected credit losses and the calculation and presentation of interest revenue.

The Company categorises loan assets into stages based on the days past due status:

- Stage 1: 30 days past due
- Stage 2: 31-90 days past due
- Stage 3: more than 90 days past due

Assumptions considered in the ECL model

The financial services business has made the following assumptions in the ECL Model:

- Loss given default (LGD) is common for all three stages and is based on loss in past portfolio. Actual cash flows are discounted with average rate for arriving loss rate. Effective Interest Rate (EIR) has been taken as discount rate for all loans.

##### Estimation Technique

The financial services business has applied the following estimation technique in its ECL model :

- Probability of default (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD is 100%.
- Probability of default for Stage 1 loan assets is calculated as average of historical trend from Stage 1 to Stage 3 in next 12 months.
- Loss given default is calculated based on discounted actual cash flow on past portfolio in default along with reversals. "There is no change in estimation techniques or significant assumptions during the reporting period."

##### Assessment of significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the financial services business considers both quantitative and qualitative information and analyses based on the business historical experience, including forward-looking information. The financial services business considers reasonable and supportable information that is relevant and available without undue cost and effort.

The financial services business uses the number of days past due to classify a financial instrument in low credit risk category and to determine significant increase in credit risk in retail. As a backstop, the financial services business considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

##### Definition of default

The definition of default used for internal credit risk management purposes is based on RBI Guidelines. Under Ind AS, financial asset to be in default when it is more than 90 days past due. The financial services business considers a financial asset under default as 'credit impaired'

##### Impairment loss

The expected credit loss allowance provision is determined as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross balance as at 31 <sup>st</sup> March 2019	7,773.50	321.98	268.17	8,363.65
Expected Credit Loss	30.99	3.42	104.61	139.02
Expected Credit Loss Rate	0.40%	1.06%	39.01%	1.66%
Net of impairment provision	7,742.51	318.56	163.56	8,224.63

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross Balance as at 31 <sup>st</sup> March 2018	5,738.38	169.24	328.86	6,236.48
Expected Credit Loss	19.76	2.08	82.94	104.78
Expected Credit Loss Rate	0.34%	1.23%	25.22%	1.68%
Net of impairment provision	5,718.62	167.16	245.92	6,131.70

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 36 CAPITAL MANAGEMENT

##### (a) Risk management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet).

The group's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

Particulars	31-Mar-19	31-Mar-18
Net debt	9,857.09	7,489.68
Total equity	3,899.45	3,342.65
<b>Net debt to equity ratio</b>	<b>252.78%</b>	<b>224.06%</b>

The Group also monitors interest coverage ratio :

Group's Earnings Before Interest and Taxes (EBIT) divided by interest .

The Group's strategy is to maintain a optimum interest coverage ratio The interest coverage ratio were as follows:

Particulars	31-Mar-19	31-Mar-18
EBIT	1,836.30	1,212.65
Interest	718.56	371.92
Interest coverage ratio	2.56	3.26

##### (b) Dividends

Particulars	31-Mar-19	31-Mar-18
<i>(i) Equity shares</i>		
First Interim dividend for the year ended 31 March 2018 of ₹ 15.00 per fully paid share during 2017-18	–	30.35
Second Interim dividend for the year ended 31 March 2018 of ₹ 16.50 per fully paid share during 2017-18	–	–
First Interim dividend for the year ended 31 March 2019 of ₹ 20.00 per fully paid share during 2018-19	40.46	–
Second Interim dividend for the year ended 31 March 2019 of ₹ 16.00 per fully paid share during 2018-19	32.37	–
<i>(ii) Dividends not recognised at the end of the reporting period</i>	–	–

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 37 OTHER DISCLOSURES

##### (i) Contingent liabilities

Details	31-Mar-19	31-Mar-18
(i) Claims against the company not acknowledged as debt		
- Income tax	45.68	46.96
- Service tax	2.96	7.81
- Value added tax / Sales tax	3.29	3.54
- Excise	57.57	70.85
- Customs	1.61	1.36
- Others	2.62	5.46
(ii) Guarantees excluding Financial Guarantees	0.07	6.64
(iii) Other money for which the Company is contingently liable	295.80	236.14
<b>Total</b>	<b>409.60</b>	<b>378.76</b>

##### (ii) Capital commitments

Details	31-Mar-19	31-Mar-18
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	376.06	339.07
(ii) Investments (On commitment for capital contribution to TVS Shriram Growth Fund 3 of TVS Capital Funds, Chennai)	18.00	18.00

##### (iii) Audit fees

Details	31-Mar-19	31-Mar-18
As statutory auditors	2.11	2.05
Taxation matters	0.27	0.26
Certification matters	0.19	0.17
<b>Total</b>	<b>2.57</b>	<b>2.48</b>

##### (iv) Expenditure incurred on Corporate Social Responsibility activities:

Details	31-Mar-19	31-Mar-18
(a) Gross amount required to be spent by the Company during the year	16.39	12.32
(b) Amount spent during the year in cash:		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	16.72	11.93
<b>Total</b>	<b>16.72</b>	<b>11.93</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

### 38 EMPLOYEE BENEFIT OBLIGATIONS

Particulars	Defined benefit obligation						Other employee benefits		
	Gratuity			Pension			Leave salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
<b>April 1, 2017</b>	<b>106.50</b>	<b>86.16</b>	<b>20.34</b>	<b>85.27</b>	–	<b>85.27</b>	<b>24.81</b>	–	<b>24.81</b>
Incumbent Subsidiary	6.99	5.97	1.02	9.16	–	9.16	5.20	–	5.20
Current service cost	9.85	–	9.85	4.78	–	4.78	3.34	–	3.34
Interest expense/(income)	8.28	7.19	1.09	6.63	–	6.63	2.08	–	2.08
Experience (gains)/losses	–	–	–	–	–	–	–	–	–
(Gain)/loss from change in financial assumptions	–	–	–	–	–	–	–	–	–
<b>Total amount recognised in statement of profit and loss</b>	<b>18.13</b>	<b>7.19</b>	<b>10.94</b>	<b>11.41</b>	–	<b>11.41</b>	<b>5.42</b>	–	<b>5.42</b>
<i>Remeasurements</i>									
Return on plan assets, excluding amounts included in interest expense / (income)	–	(0.41)	0.41	–	–	–	–	–	–
(Gain) / loss from change in demographic assumptions	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	(7.95)	–	(7.95)	0.08	–	0.08	(2.11)	–	(2.11)
Experience (gains)/losses	13.55	–	13.55	(5.29)	–	(5.29)	7.87	–	7.87
<b>Total amount recognised in other comprehensive income</b>	<b>5.60</b>	<b>(0.41)</b>	<b>6.01</b>	<b>(5.21)</b>	–	<b>(5.21)</b>	<b>5.76</b>	–	<b>5.76</b>
Employer contribution	–	23.68	(23.68)	–	–	–	(0.96)	–	(0.96)
Benefit payments	(7.23)	(7.41)	0.18	–	–	–	(3.83)	–	(3.83)
<b>March 31, 2018</b>	<b>129.99</b>	<b>115.18</b>	<b>14.81</b>	<b>100.63</b>	–	<b>100.63</b>	<b>36.40</b>	–	<b>36.40</b>

Particulars	Defined benefit obligation						Other employee benefits		
	Gratuity			Pension			Leave salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
<b>April 1, 2018</b>	<b>129.99</b>	<b>115.18</b>	<b>14.81</b>	<b>100.63</b>	–	<b>100.63</b>	<b>36.40</b>	–	<b>36.40</b>
Current service cost	19.78	–	19.78	1.38	–	1.38	–	–	–
Interest expense/(income)	10.04	9.78	0.26	6.76	–	6.76	2.63	–	2.63
Experience (gains)/losses	–	–	–	–	–	–	–	–	–
<b>Total amount recognised in statement of profit and loss</b>	<b>29.82</b>	<b>9.78</b>	<b>20.04</b>	<b>8.14</b>	–	<b>8.14</b>	<b>2.63</b>	–	<b>2.63</b>
<i>Remeasurements</i>									
Return on plan assets, excluding amounts included in interest expense / (income)	–	(4.92)	4.92	–	–	–	–	–	–
(Gain) / loss from change in demographic assumptions	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	(5.24)	–	(5.24)	(1.78)	–	(1.78)	(1.07)	–	(1.07)
Experience (gains) / losses	(11.23)	–	(11.23)	(0.31)	–	(0.31)	9.48	–	9.48
<b>Total amount recognised in other comprehensive income</b>	<b>(16.47)</b>	<b>(4.92)</b>	<b>(11.55)</b>	<b>(2.09)</b>	–	<b>(2.09)</b>	<b>8.41</b>	–	<b>8.41</b>
Employer contribution	–	17.06	(17.06)	–	–	–	–	–	–
Benefit payments	(10.45)	(10.45)	–	(11.46)	–	(11.46)	(7.11)	–	(7.11)
<b>March 31, 2019</b>	<b>132.89</b>	<b>126.65</b>	<b>6.24</b>	<b>95.22</b>	–	<b>95.22</b>	<b>40.33</b>	–	<b>40.33</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

#### 38 EMPLOYEE BENEFIT OBLIGATIONS - (continued)

(Rupees in crores)

##### (i) Post-Employment benefits

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Details	Gratuity		Pension		Leave salary	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Discount rate	7.70%	7.70%	6.87%	7.00%	7.63%	7.70%
Salary growth rate	5.50%	6.00%	5.50%	6.00%	5.50%	6.00%
Mortality rate	IALM (2006-08) Ultimate					

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at 58 years.

##### (ii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Gratuity	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Discount rate	0.50%	0.50%	127.66	124.52	138.54	135.89
Salary growth rate	0.50%	0.50%	138.63	135.97	127.54	124.41
Mortality rate	5.00%	5.00%	132.91	130.00	132.85	129.95

Pension	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Discount rate	1.00%	0.50%	84.28	92.74	107.95	103.21
Salary growth rate	1.00%	0.50%	108.56	99.05	83.68	96.48
Mortality rate	5.00%	5.00%	94.24	97.75	95.84	97.72

Leave salary	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Discount rate	0.50%	0.50%	38.21	34.69	40.52	38.32
Salary growth rate	0.50%	0.50%	40.54	38.36	38.19	34.64
Mortality rate	5.00%	5.00%	39.33	36.44	39.32	36.42

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability recognised in the balance sheet.

##### (iii) Risk exposure

Through its defined benefit plans, The Group is exposed to a number of risks, the most significant of which are detailed below:

**Asset volatility:** The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The Group has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The group intends to maintain the above investment mix in the continuing years.

**Changes in bond yield:** A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yields increase in the value of the plans' bond holdings.

**Inflation risks:** In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

**Life expectancy:** The pension plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

## Consolidated Financial Statements of *Sundaram-Clayton Limited*

### Notes to Financial Statements – (continued)

#### 39 RELATED PARTY DISCLOSURES

##### LIST OF RELATED PARTIES

a)	Reporting entity	Sundaram-Clayton Limited, Chennai (SCL)
b)	Holding Company	T V Sundram Iyengar & Sons Private 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) TVS Housing Limited, Chennai - Subsidiary of TVSM</li> <li>(iv) TVS Motor Services Limited, Chennai - Subsidiary of TVSM</li> <li>(v) TVS Credit Services Limited, Chennai (TVSCS) - Subsidiary of TVS Motor Services Limited</li> <li>(vi) Harita Collection Services Private Limited, Chennai - Subsidiary of TVSCS</li> <li>(vii) Harita ARC Private Limited, Chennai - Subsidiary of TVSCS</li> <li>(viii) TVS Micro Finance Private Limited, Chennai - Subsidiary of TVSCS</li> <li>(ix) TVS Commodity Financial Solutions Private Limited, Chennai - Subsidiary of TVSCS</li> <li>(x) TVS Two Wheeler Mall Private Limited, Chennai - Subsidiary of TVSCS</li> <li>(xi) TVS Housing Finance Private Limited, Chennai - Subsidiary of TVSCS</li> <li>(xii) Sundaram Holding USA, Inc., Delaware USA - Subsidiary of Sundaram Auto Components Limited</li> <li>(xiii) Green Hills Land Holding LLC, South Carolina, USA - Subsidiary of Sundaram Holding USA, INC.</li> <li>(xiv) Components Equipment Leasing LLC, South Carolina, USA - Subsidiary of Sundaram Holding USA, INC.</li> <li>(xv) Sundaram-Clayton (USA) LLC, South Carolina, USA - Subsidiary of Sundaram Holding USA, INC.</li> <li>(xvi) Premier Land Holding LLC, South Carolina, USA - Subsidiary of Sundaram Holding USA, INC</li> <li>(xvii) Sundaram-Clayton (USA) Limited, Illinois, USA</li> <li>(xviii) TVS Motor (Singapore) Pte. Limited, Singapore - (TVSM Singapore) - Subsidiary of TVSM</li> <li>(xix) PT TVS Motor Company Indonesia, Jakarta - Subsidiary of TVSM Singapore</li> <li>(xx) TVS Motor Company (Europe) B.V. Amsterdam - (TVSM Europe) - Subsidiary of TVSM</li> </ul>
	Other related parties and their relationship where transaction exists	
d)	Fellow Subsidiaries	<ul style="list-style-type: none"> <li>(i) TVS Electronics Limited, Chennai</li> <li>(ii) TVS Investments Private Limited, Chennai</li> <li>(iii) Southern Roadways Limited, Madurai</li> <li>(iv) Sundaram Industries Private Limited, Madurai</li> <li>(v) Lucas TVS Limited, Chennai</li> <li>(vi) Lucas Indian Services Limited, Chennai</li> <li>(vii) TVS Auto Assist (India) Limited, Chennai</li> <li>(viii) Autosense Private Limited, Chennai</li> </ul>
e)	Group member	<ul style="list-style-type: none"> <li>(i) Sundram Fasteners Limited, Chennai</li> <li>(ii) Delphi TVS Diesel Systems Limited, Chennai</li> <li>(iii) India Nippon Electricals Limited, Chennai</li> <li>(iv) TVS Supply Chain Solutions Limited, Chennai (formerly known as TVS Logistics Services Limited)</li> <li>(v) Sundaram Brake Linings Limited, Chennai</li> <li>(vi) TVS Autoserv GmbH, Germany</li> </ul>

## Consolidated Financial Statements of *Sundaram-Clayton Limited*

### Notes to Financial Statements – (continued)

#### 39 RELATED PARTY DISCLOSURES - (continued)

- |   |   |
|---|---|
| e) Group member - (continued)                           | <ul style="list-style-type: none"> <li>(vii) TVS Dynamic Global Freight Services Limited, Chennai</li> <li>(viii) Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd, Chennai</li> <li>(ix) Emerald Haven Town and Country Private Limited, Chennai</li> <li>(x) Brakes India Private Limited, Chennai</li> <li>(xi) TVS Srichakra Limited, Madurai</li> <li>(xii) Wheels India Limited, Chennai</li> <li>(xiii) TVS Auto Bangladesh Limited, Dhaka</li> <li>(xiv) TVS Lanka Private Limited, Colombo</li> <li>(xv) TVS Upasana Limited, Chennai (Formerly known as Upasana Engineering Limited)</li> <li>(xvi) TVS Commutation Solutions Limited, Chennai</li> <li>(xvii) TVS Organics Private Limited, Chennai<br/>(formerly known as TVS Agro Products Private Limited)</li> <li>(xviii) Designo Lifestyle Solutions Private Limited</li> <li>(xix) Dua Associates</li> <li>(xx) Dua Consulting Private Limited</li> <li>(xxi) McCann-Erickson (India) Private Limited</li> <li>(xxii) Harita Techserv Limited, Chennai</li> </ul> |
| f) Associate companies                                  | <ul style="list-style-type: none"> <li>(i) Sundram Non-Conventional Energy Systems Limited, Chennai</li> <li>(ii) Emerald Haven Realty Limited, Chennai</li> <li>(iii) TVS Training and Services Limited, Chennai</li> </ul>  |
| g) Key management personnel (KMP)                       | <p>Executive Directors:</p> <ul style="list-style-type: none"> <li>(i) Mr. Venu Srinivasan, Chairman and Managing Director</li> <li>(ii) Dr. Lakshmi Venu, Joint Managing Director</li> <li>(iii) Mr. Sudarshan Venu, Joint Managing Director (up to 10.03.2019)</li> </ul> <p>Non-Executive Directors:</p> <p>Independent Directors:</p> <ul style="list-style-type: none"> <li>(i) Vice Admiral P.J. Jacob (Retd.)</li> <li>(ii) Mr. V . Subramanian</li> <li>(iii) Mr. S. Santhanakrishnan</li> <li>(iv) Mr. R. Gopalan</li> <li>(v) Mr. R. Vijayaraghavan</li> <li>(vi) Mr. Kamlesh Gandhi</li> <li>(vii) Ms. Sasikala Varadachari (from 24.10.2018)</li> </ul> <p>Non-Independent Directors:</p> <ul style="list-style-type: none"> <li>(i) Mr. K. Mahesh (upto 02.02.2019)</li> <li>(ii) Mr. T.K. Balaji</li> <li>(iii) Mr. Gopal Srinivasan</li> </ul>   |
| h) Relative of KMP                                      | <ul style="list-style-type: none"> <li>(i) Mrs. Mallika Srinivasan</li> </ul>   |
| i) Enterprise over which KMP have significant influence | <ul style="list-style-type: none"> <li>(i) Harita-NTI Limited, Chennai</li> <li>(ii) Emerald Haven Estates Limited, Chennai</li> <li>(iii) Sundram Services Limited, Chennai</li> </ul>   |



## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

#### 39 RELATED PARTY DISCLOSURES - (continued)

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Fellow Subsidiaries	Associates	Group member	KMP- Significant Influence	KMP	Relative of KMP	Total
1	Purchase of goods	Harita-NTI Limited, Chennai	-	-	-	-	5.94	-	-	5.94
		TVS Electronics Limited, Chennai	-	0.30	-	-	-	-	-	0.30
		Sundaram Industries Private Limited, Madurai	-	0.05	-	-	-	-	-	0.05
		Lucas TVS Limited, Chennai	-	169.74	-	-	-	-	-	169.74
		Lucas Indian Services Limited, Chennai	-	7.16	-	-	-	-	-	7.16
		Brakes India Private Limited, Chennai	-	-	-	27.96	-	-	-	27.96
		TVS Srichakra Limited, Madurai	-	-	-	527.76	-	-	-	527.76
		Wheels India Limited, Chennai	-	-	-	14.89	-	-	-	14.89
		Sundaram Fasteners Limited, Chennai	-	-	-	65.40	-	-	-	65.40
		India Nippon Electricals Limited, Chennai	-	-	-	332.74	-	-	-	332.74
		Sundaram Brake Linings Limited, Chennai	-	-	-	13.90	-	-	-	13.90
		TVS Upasana Limited, Chennai (Formerly known as Upasana Engineering Limited)	-	-	-	22.42	-	-	-	22.42
		TVS Organics Private Limited, Chennai (formerly known as TVS Agro Products Private Limited)	-	-	-	1.25	-	-	-	1.25
		T V Sundram Iyengar & Sons Pvt Ltd., Madurai	0.64	-	-	-	-	-	-	0.64
			0.64	177.25	-	1,006.32	5.94	-	-	1,190.15
	(1.16)	(129.66)	-	(819.66)	(6.23)	-	-	(956.71)		
2	Sale of goods (including sub contract charges)	Lucas TVS Limited, Chennai	-	0.16	-	-	-	-	-	0.16
		Sundram Fasteners Limited, Chennai	-	-	-	0.74	-	-	-	0.74
		Delphi TVS Diesel Systems Limited, Chennai	-	-	-	19.14	-	-	-	19.14
		TVS Auto Bangladesh Limited, Dhaka	-	-	-	686.67	-	-	-	686.67
		TVS Lanka Private Limited	-	-	-	234.63	-	-	-	234.63
		T V Sundram Iyengar & Sons Pvt Ltd., Madurai	67.31	-	-	-	-	-	-	67.31
			67.31	0.16	-	941.18	-	-	-	1,008.65
	(6.24)	(0.13)	-	(637.50)	-	-	-	(643.87)		
3	Purchase of power	Sundram Non Conventional Energy Systems Limited, Chennai	-	-	0.71	-	-	-	-	0.71
			-	-	(0.87)	-	-	-	-	(0.87)
4	Purchase of asset	TVS Supply Chain Solutions Limited, Chennai (formerly known as TVS Logistics Services Limited)	-	-	-	3.94	-	-	-	3.94
			-	-	-	-	-	-	-	-
5	Rendering of services	Southern Roadways Limited, Chennai	-	0.01	-	-	-	-	-	0.01
		TVS Supply Chain Solutions Limited, Chennai (formerly known as TVS Logistics Services Limited)	-	-	-	0.63	-	-	-	0.63
		Sundaram Fasteners Limited	-	-	-	0.05	-	-	-	0.05
		Wheels India Limited, Chennai	-	-	-	0.01	-	-	-	0.01
		TVS Electronics Limited, Chennai	-	0.14	-	-	-	-	-	0.14
		TVS Investments Private Limited, Chennai - (Fellow Subsidiary) - (Rs.5000)	-	-	-	-	-	-	-	-
		Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd - (Group member)- (Rs.21000)	-	-	-	-	-	-	-	-
		Emerald Haven Town and Country Pvt Ltd - (Group member)- (Rs.25000)	-	-	-	-	-	-	-	-
		Emerald Haven Realty Limited, Chennai	-	-	0.27	-	-	-	-	0.27
		India Nippon Electricals Limited, Chennai	-	-	-	0.05	-	-	-	0.05
		TVS Training and Services Limited, Chennai - (Associates) - (Rs.5000)	-	-	-	-	-	-	-	-
		Emerald Haven Estates Limited, Chennai - (KMP)- (Rs.5000)	-	-	-	-	-	-	-	-
		Sundaram Services Limited, Chennai - (KMP) - (Rs.24000)	-	-	-	-	-	-	-	-
		Harita-NTI Limited, Chennai	-	-	-	-	0.53	-	-	0.53
			-	0.15	0.27	0.74	0.53	-	-	1.69
	-	(0.13)	(0.35)	(0.60)	(0.29)	-	-	(1.37)		

Previous year's figures are furnished in brackets

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

#### 39 RELATED PARTY DISCLOSURES - (continued)

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Fellow Subsidiaries	Associates	Group member	KMP-Significant Influence	KMP	Relative of KMP	Total		
6	Receiving of services	T V Sundram Iyengar & Sons Private Limited, Madurai	0.27	-	-	-	-	-	-	0.27		
		TVS Training and Services Limited, Chennai	-	-	0.18	-	-	-	-	0.18		
		TVS Electronics Limited, Chennai	-	2.85	-	-	-	-	-	2.85		
		Southern Roadways Limited, Chennai	-	2.72	-	-	-	-	-	2.72		
		TVS Auto Assist (India) Limited, Chennai	-	4.99	-	-	-	-	-	4.99		
		Lucas TVS Limited, Chennai	-	0.22	-	-	-	-	-	0.22		
		Autosense Private Limited, Chennai	-	3.05	-	-	-	-	-	3.05		
		Emerald Haven Realty Limited, Chennai	-	-	0.01	-	-	-	-	0.01		
		TVS Supply Chain Solutions Limited, Chennai (formerly known as TVS Logistics Services Limited)	-	-	-	-	114.67	-	-	-	114.67	
		Harita Techserv Limited, Chennai	-	-	-	-	2.84	-	-	-	2.84	
		Delphi-TVS Diesel System Limited, Chennai	-	-	-	-	0.13	-	-	-	0.13	
		Sundaram Brake Linings Limited, Chennai	-	-	-	-	0.03	-	-	-	0.03	
		TVS Dynamic Global Freight Services Limited, Chennai	-	-	-	-	94.75	-	-	-	94.75	
		TVS Autoserv GmbH, Germany	-	-	-	-	9.04	-	-	-	9.04	
		Sundram Fasteners Limited, Chennai	-	-	-	-	0.37	-	-	-	0.37	
		Dua Associates	-	-	-	-	0.96	-	-	-	0.96	
		Dua Consulting Private Limited	-	-	-	-	4.97	-	-	-	4.97	
		McCann-Erickson (India) Private Limited	-	-	-	-	5.43	-	-	-	5.43	
					0.27	13.83	0.19	233.19	-	-	-	247.48
					(0.71)	(8.56)	(0.64)	(198.61)	-	-	-	(208.52)
7	Lease rent received	Sundram Non Conventional Energy Systems Limited, Chennai - Rs.48,000 (Associates)	-	-	-	-	-	-	-	-		
8	Remuneration paid	Key Management Personnel	-	-	-	-	-	55.52	-	55.52		
			-	-	-	-	-	(40.13)	(0.33)	(40.46)		
9	Investments	TVS Lanka Private Limited, Colombo	-	-	-	14.75	-	-	-	14.75		
			-	-	-	-	-	-	-	-		
10	Investments Sold	Lucas-TVS Limited, Chennai	-	-	-	-	-	-	-	-		
			-	(88.43)	-	-	-	-	-	(88.43)		
11	Dividend received	Sundram Non-Conventional Energy Systems Limited, Chennai	-	-	0.35	-	-	-	-	0.35		
		TVS Lanka Private Limited, Colombo	-	-	-	0.42	-	-	-	0.42		
			-	-	0.35	0.42	-	-	-	0.77		
			-	-	(0.35)	(0.20)	-	-	-	(0.55)		
12	Outstanding as on 31 <sup>st</sup> March 2019 Receivables	T V Sundram Iyengar & Sons Private Limited, Madurai	37.28	-	-	-	-	-	-	37.28		
		TVS Auto Bangladesh Limited, Dhaka	-	-	-	66.45	-	-	-	66.45		
		TVS Lanka Private Limited, Colombo	-	-	-	25.62	-	-	-	25.62		
		TVS Investments Private Limited, Chennai - (Fellow Subsidiary) (Rs.5,900/-)	-	-	-	-	-	-	-	-		
		Delphi TVS Diesel Systems Limited, Chennai	-	-	-	4.81	-	-	-	4.81		
		Harita-NTI Limited, Chennai	-	-	-	-	0.02	-	-	0.02		
		Emerald Haven Realty Limited, Chennai	-	-	1.50	-	-	-	-	1.50		
		India Nippon Electricals Limited, Chennai	-	-	-	0.01	-	-	-	0.01		
		Sundram Non Conventional Energy Systems Ltd - (Associates)-(Rs.6480)	-	-	-	-	-	-	-	-		
		Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd - (Group Member) (Rs.24,780)	-	-	-	-	-	-	-	-		
		TVS Electronics Limited, Chennai	-	0.04	-	-	-	-	-	0.04		
			37.28	0.04	1.50	96.89	0.02	-	-	135.73		
			(6.27)	(0.04)	-	(83.42)	(0.06)	-	-	(89.79)		

Previous year's figures are furnished in brackets

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

#### 39 RELATED PARTY DISCLOSURES - (continued)

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Fellow Subsidiaries	Associates	Group member	KMP- Significant Influence	KMP	Relative of KMP	Total
13	Outstanding as on 31 <sup>st</sup> March 2019 Payables	TVS Electronics Limited, Chennai	-	0.20	-	-	-	-	-	0.20
		Lucas-TVS Limited, Chennai	-	28.49	-	-	-	-	-	28.49
		Lucas Indian Services Limited, Chennai	-	1.11	-	-	-	-	-	1.11
		Sundaram Industries Private Limited, Madurai	-	0.01	-	-	-	-	-	0.01
		TVS Auto Assist (India) Limited, Chennai	-	0.58	-	-	-	-	-	0.58
		Emerald Haven Reality Limited, Chennai	-	-	3.49	-	-	-	-	3.49
		Brakes India Private Limited, Chennai	-	-	-	-	6.53	-	-	6.53
		TVS Srichakra Limited, Madurai	-	-	-	-	71.55	-	-	71.55
		Wheels India Limited, Chennai	-	-	-	-	2.78	-	-	2.78
		Harita Techserv Limited, Chennai	-	-	-	-	0.52	-	-	0.52
		India Nippon Electricals Limited, Chennai	-	-	-	-	51.65	-	-	51.65
		Sundaram Brake Linings Limited, Chennai	-	-	-	-	2.62	-	-	2.62
		T V Sundram Iyengar & Sons Private Limited, Madurai	0.01	-	-	-	-	-	-	0.01
		TVS Training and Services Limited, Chennai (Associates), (Rs.26,633)	-	-	-	-	-	-	-	-
		Sundram Non-Conventional Energy Systems Limited, Chennai	-	-	0.02	-	-	-	-	0.02
		TVS Supply Chain Solutions Limited, Chennai (formerly known as TVS Logistics Services Limited)	-	-	-	-	10.73	-	-	10.73
		TVS Autoserv GmbH, Germany	-	-	-	-	1.82	-	-	1.82
		Sundram Fasteners Limited, Chennai	-	-	-	-	11.25	-	-	11.25
		TVS Dynamic Global Freight Services Limited, Chennai	-	-	-	-	11.49	-	-	11.49
		Upsana Engineering Limited, Chennai	-	-	-	-	3.23	-	-	3.23
		Dua Consulting Private Limited, Chennai	-	-	-	-	0.14	-	-	0.14
		McCann-Erickson (India) Private Limited	-	-	-	-	-	-	-	-
		TVS Organics Private Limited, Chennai (formerly known as TVS Agro Products Private Limited)	-	-	-	-	0.03	-	-	0.03
Harita-NTI Limited, Chennai	-	-	-	-	-	0.50	-	0.50		
			0.01	30.39	3.51	174.34	0.50	-	208.75	
			(0.25)	(20.26)	(4.89)	(132.82)	(1.03)	-	(159.25)	

Previous year's figures are furnished in brackets

#### 40 SEGMENT REVENUES, RESULTS AND OTHER INFORMATION

##### Information about primary business segments

(Rupees in crores)

Particulars	Business Segments									
	Automotive components		Motor vehicles		Financial Services		Others		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
External sales - domestic	826.76	832.05	13,950.59	12,594.13	1,601.65	746.67	0.07	1.39	16,379.07	14,174.24
- exports	786.91	640.20	4,381.91	3,088.12	-	-	-	-	5,168.81	3,728.32
Inter segment sales	819.16	802.05	-	-	-	-	-	-	819.16	802.05
<b>Total sales</b>	<b>2,432.82</b>	<b>2,274.30</b>	<b>18,332.50</b>	<b>15,682.25</b>	<b>1,601.65</b>	<b>746.67</b>	<b>0.07</b>	<b>1.39</b>	<b>22,367.05</b>	<b>18,704.61</b>
Less: Inter segment sales	819.16	802.05	-	-	-	-	-	-	819.16	802.05
<b>Net Revenue</b>	<b>1,613.66</b>	<b>1,472.25</b>	<b>18,332.50</b>	<b>15,682.25</b>	<b>1,601.65</b>	<b>746.67</b>	<b>0.07</b>	<b>1.39</b>	<b>21,547.89</b>	<b>17,902.56</b>
Segment results before interest and tax	116.58	(31.50)	957.40	897.69	758.70	345.05	-	0.07	1,832.68	1,211.31
Add: Share of Associate profit									3.62	1.34
Less: Interest									718.56	371.92
Add: Exceptional items									-	-
Add: Extraordinary income									-	-
Profit before tax									1,117.74	840.73
Taxes									367.97	211.95
<b>Profit after tax</b>									<b>749.77</b>	<b>628.78</b>
Segment Assets	2,394.24	2,195.80	6,727.53	5,741.49	9,043.70	6,819.26	4.36	4.43	18,169.83	14,760.98
Segment Liabilities	1,483.44	1,315.69	5,265.13	4,494.05	7,518.30	5,605.01	3.51	3.58	14,270.38	11,418.33
Segment Depreciation	109.61	90.48	409.09	349.75	15.20	6.45	-	-	533.90	446.68

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

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 41 INTERESTS IN OTHER ENTITIES

##### a) Subsidiaries

The Group's subsidiaries at 31 March 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business / country of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	
TVS Motor Company Limited	India	57.4%	57.4%	42.6%	42.6%	Motor vehicles manufacturing
Sundaram Holding USA Inc., Delaware, USA	USA	67.8%	68.0%	32.2%	32.0%	Automotive components
TVS Housing Limited	India	57.4%	57.4%	42.6%	42.6%	Housing
Sundaram Auto Components Limited (SACL)	India	57.4%	57.4%	42.6%	42.6%	Automotive components
TVS Motor Company (Europe) B.V., Amsterdam	Netherlands	57.4%	57.4%	42.6%	42.6%	Others
TVS Motor (Singapore) Pte. Limited, Singapore	Singapore	57.4%	57.4%	42.6%	42.6%	Others
PT.TVS Motor Company Indonesia, Jakarta	Indonesia	57.4%	57.4%	42.6%	42.6%	Motor vehicles manufacturing
TVS Motor Services Limited	India	57.0%	57.0%	43.0%	43.0%	Financial Services
TVS Credit Services Limited	India	50.5%	50.1%	49.5%	49.9%	Financial Services
Harita ARC Private Limited	India	50.5%	50.1%	49.5%	49.9%	Financial Services
Harita Collection Services Private Limited	India	50.5%	50.1%	49.5%	49.9%	Financial Services
TVS Commodity Solutions Private Limited	India	50.5%	50.1%	49.5%	49.9%	Financial Services
TVS Housing Finance Private Limited	India	50.5%	50.1%	49.5%	49.9%	Financial Services
TVS Micro Finance Private Limited	India	50.5%	50.1%	49.5%	49.9%	Financial Services
TVS Two Wheeler Mall Private Limited	India	50.5%	50.1%	49.5%	49.9%	Financial Services

##### b) Non-Controlling Interest

Set out below is summarised financial information for each subsidiary that has non controlling interest that are material to the Group. The amount disclosed for each subsidiary are before inter company eliminations.

Summarised balance sheet	TVS Motor Company Limited		Sundaram Auto Components Limited		TVS Credit Services Limited	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Current assets	3,154.90	2,578.11	122.62	142.07	4,825.58	3,539.26
Current liabilities	4,041.68	3,779.50	140.39	183.84	4,529.96	3,844.99
Net current assets / (liabilities)	(886.78)	(1,201.39)	(17.77)	(41.77)	295.62	(305.73)
Non-current assets	5,137.36	4,601.36	542.33	468.97	3,924.07	3,175.10
Non-current liabilities	980.36	519.55	176.20	80.83	3,068.55	1,977.18
Net non-current assets / (liabilities)	4,157.00	4,081.81	366.13	388.14	855.52	1,197.92
Net assets	3,270.22	2,880.42	348.36	346.37	1,151.14	892.19
Accumulated NCI	1,393.11	1,227.06	148.40	147.55	569.58	445.47

## Consolidated Financial Statements of *Sundaram-Clayton Limited*

### Notes to Financial Statements – (continued)

(Rupees in crores)

#### 41 INTERESTS IN OTHER ENTITIES - (continued)

Summarised Statement of Profit and loss	TVS Motor Company Limited		Sundaram Auto Components Limited		TVS Credit Services Limited	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Revenue	18,217.46	15,617.66	601.16	1,195.92	1,634.78	727.48
Profit for the year	670.14	662.59	9.21	17.05	148.30	74.17
Other comprehensive income	(3.26)	(2.87)	(0.89)	(3.73)	(0.60)	–
Total comprehensive income	666.88	659.72	8.32	13.32	147.70	74.17
Profit allocated to NCI	284.09	281.04	3.54	5.68	73.08	31.37
Dividends paid to NCI	70.85	66.79	1.00	2.22	–	–

Summarised Cash Flow Statement	TVS Motor Company Limited		Sundaram Auto Components Limited		TVS Credit Services Limited	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Cash flow from operating activities	1,097.78	1,251.57	17.35	43.63	(1,917.12)	(1,150.83)
Cash flow from investing activities	(1,008.14)	(1,085.61)	(124.99)	(262.00)	1.91	(71.54)
Cash flow from financing activities	86.99	(74.74)	91.15	230.10	1,946.76	1,193.13
Net increase / (decrease) in cash and cash equivalents	176.63	91.22	(16.49)	11.73	31.55	(29.24)

#### c) Interests in associates and joint ventures

##### Individually immaterial associates

The group has interests in 3 individually immaterial associates that are accounted using equity method.

Particulars	31-Mar-19	31-Mar-18
Aggregate carrying amount of individually immaterial associates	127.08	123.54

Particulars	31-Mar-19	31-Mar-18
Share of profits from associates	3.62	1.34
Other Comprehensive Income	(0.07)	–
Total Comprehensive Income	3.55	1.34

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

#### 42 ADDITIONAL INFORMATION ON NET ASSETS AND SHARE OF PROFITS AS AT 31<sup>st</sup> MARCH 2019

Name of the entity	Net Assets (Total Assets - Total Liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount Rs. in crores	As % of consolidated profit or loss	Amount Rs. in crores	As % of other comprehensive income	Amount Rs. in crores	As % of total comprehensive income	Amount Rs. in crores
1	2	3	4	5	6	7	8	9
<b>Parent</b>								
Sundaram-Clayton Limited, Chennai	27.84%	688.71	27.69%	119.66	111.70%	(19.80)	24.10%	99.86
<b>Subsidiaries - Indian</b>								
TVS Motor Company Limited, Chennai	135.31%	3,347.32	155.07%	670.14	18.39%	(3.26)	160.92%	666.88
TVS Motor Services Limited, Chennai	11.73%	290.06	32.97%	142.47	3.44%	(0.61)	34.23%	141.86
Sundaram Auto Components Limited, Chennai	9.29%	348.36	2.13%	9.21	5.02%	(0.89)	2.01%	8.32
TVS Housing Limited, Chennai	0.03%	0.85	0.00%	–	0.00%	–	0.00%	–
<b>Subsidiaries – Foreign</b>								
Sundaram-Clayton (USA) Limited, Illinois	0.00%	0.01	0.00%	–	0.00%	–	0.00%	–
TVS Motor (Singapore) Pte Limited, Singapore	10.92%	270.21	(11.85%)	(51.19)	0.00%	–	(12.35%)	(51.19)
TVS Motor Company Europe B.V., Amsterdam	0.07%	1.79	(0.15%)	(0.64)	0.00%	–	(0.15%)	(0.64)
PT. TVS Motor Company Indonesia, Jakarta	4.40%	108.89	(11.42%)	(49.35)	0.00%	–	(11.91%)	(49.35)
Sundaram Holding USA Inc., Delaware, USA	13.73%	339.56	(0.24%)	(1.03)	0.00%	–	(0.25%)	(1.03)
Sub-total		5,395.76		839.27		(24.56)		814.71
Non controlling Interest in all subsidiaries	57.63%	1,425.66	73.50%	317.63	(11.69%)	(2.07)	76.15%	315.55
Sub-total		3,970.10		521.64		(22.49)		499.16
<b>Add: Associates -Indian</b> (Investment as per the equity method)								
Sundram Non-Conventional Energy Systems Limited, Chennai	0.05%	1.30	0.09%	0.39	0.00%	–	0.09%	0.39
TVS Training and Services Limited, Chennai	0.18%	4.51	0.41%	1.77	(0.06%)	0.01	0.43%	1.78
Emerald Haven Realty Limited, Chennai	4.91%	121.35	0.34%	1.46	0.45%	(0.08)	0.33%	1.38
Sub-total	165.63%	4,097.26	121.55%	525.26	127.18%	(22.56)	121.31%	502.71
Less: Effect of intercompany eliminations	65.63%	1,623.47	21.55%	93.12	27.18%	(4.82)	21.31%	88.30
<b>Total</b>	<b>100%</b>	<b>2,473.79</b>	<b>100%</b>	<b>432.14</b>	<b>100%</b>	<b>(17.74)</b>	<b>100%</b>	<b>414.41</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Notes to Financial Statements – (continued)

#### 43 BUSINESS COMBINATION

On 7<sup>th</sup> September 2017 TVS Motor Company acquired 16,20,000 (81%) equity shares of M/s. TVS Motor Services Limited, Chennai. This would further strengthen the retail financing for the customers of the Company through its subsidiaries.

Details of the purchase consideration and goodwill are follows:

The purchase consideration of ₹1.62 crores for this business combination is paid by cash.

Calculation of goodwill

Particulars	Rupees in crores
Consideration transferred	1.62
Non-controlling interest in the acquired entity	135.61
Acquisition date fair value of previously held equity interest	0.38
Less : Net identifiable assets acquired	(48.06)
Goodwill on consolidation	185.67
- Goodwill attributable to Minority Interest	78.54
- Goodwill attributable to Parent company	107.13

The goodwill is attributable to the expected synergies on acquisition of the financial services business.

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business is allocated to the Group's cash generating units (CGU) or groups of CGUs expected to benefit from the synergies arising from the business combination.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of carrying amount of each asset in CGU. An impairment loss on goodwill is recognized in net profit in the Consolidated Statement of Profit and Loss and is not reversed in the subsequent period.

Company assessed impairment of goodwill based on the expected earnings growth of the acquired business.

Revenue and profit contribution

The acquired business contributed revenues of ₹ 770.13 crores and profit before tax of ₹ 85.15 crores for the period between 7<sup>th</sup> September 2017 and 31<sup>st</sup> March 2018.

If the acquisition had occurred on 1<sup>st</sup> April 2017, consolidated pro-forma revenue and profit before tax for the year ended 31<sup>st</sup> March 2018 would have been ₹ 17,340.83 crores and ₹ 937.57 crores, respectively.

VENU SRINIVASAN  
Chairman & Managing Director

Dr. LAKSHMI VENU  
Joint Managing Director

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

VIVEK S JOSHI  
President & CEO

K GOPALA DESIKAN  
Chief Financial Officer

R RAJA PRAKASH  
Company Secretary

V SATHYANARAYANAN  
Partner  
Membership No. 027716

Chennai  
2<sup>nd</sup> May 2019

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Annexure Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

#### Statement containing salient features of the financial statement of subsidiaries/ associate companies

#### Part "A": Subsidiaries

Information in respect of each subsidiary to be presented with amounts

(Rupees in crores)

S. No	Particulars	Indian Subsidiaries										
		TVS Motor Company Limited	Sundaram Auto Components Ltd	TVS Housing Ltd	TVS Motor Services Ltd	TVS Credit Services Ltd	TVS Two Wheeler Mall Private Ltd	TVS Micro Finance Private Ltd	Harita ARC Private Ltd	Harita Collection Services Private Ltd	TVS Commodity Financial Solutions Private Ltd	TVS Housing Finance Private Ltd
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1.	Date on which subsidiary was acquired	15/11/2001	01/04/2003	21/06/2010	07/09/2017	07/09/2017	07/09/2017	07/09/2017	07/09/2017	07/09/2017	07/09/2017	08/09/2017
2.	Reporting period	01/04/2018 to 31/03/2019	01/04/2018 to 31/03/2019	01/04/2018 to 31/03/2019	01/04/2018 to 31/03/2019	01/04/2018 to 31/03/2019	01/04/2018 to 31/03/2019	01/04/2018 to 31/03/2019	01/04/2018 to 31/03/2019	01/04/2018 to 31/03/2019	01/04/2018 to 31/03/2019	08/09/2018 to 31/03/2019
3.	Reporting currency	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR
	Closing Exchange rate	-	-	-	-	-	-	-	-	-	-	-
4.	Share capital	47.51	35.93	0.05	8.63	178.20	0.0025	0.0025	0.0025	0.0025	0.0025	12.00
5.	Reserves & Surplus	3299.81	312.43	0.80	(401.69)	972.94	(0.003)	(0.0046)	(0.0047)	(0.0047)	(0.0046)	0.60
6.	Total assets	8369.36	664.95	4.36	820.71	8749.65	0.0025	0.0021	0.0025	0.0022	0.0021	12.81
7.	Total Liabilities	8369.36	664.95	4.36	820.71	8749.65	0.0025	0.0021	0.0025	0.0022	0.0021	12.81
8.	Investments	2300.67	253.96	-	584.09	12.01	-	-	-	-	-	-
9.	Turnover	18217.46	601.16	0.07	1.30	1634.78	-	-	-	-	-	-
10.	Profit before taxation	960.96	17.25	-	(15.84)	215.97	(0.0016)	(0.0016)	(0.0016)	(0.0016)	(0.0016)	0.75
11.	Provision for taxation	290.82	8.04	-	(6.23)	67.67	-	-	-	-	-	-
12.	Profit after taxation	670.14	9.21	-	(9.61)	148.30	(0.0016)	(0.0016)	(0.0016)	(0.0016)	(0.0016)	0.50
13.	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-
14.	% of shareholding	57.4	57.4	57.4	57.4	50.5	50.5	50.5	50.5	50.5	50.5	50.5

S. No.	Particulars	Foreign Subsidiaries				
		Sundaram-Clayton (USA) Limited	PT TVS Motor Company Indonesia	TVS Motor Company (Europe) B.V.	TVS Motor (Singapore) Pte. Ltd.	Sundaram Holding USA Inc
		(12)	(13)	(14)	(15)	(16)
1.	Date on which subsidiary was acquired	15/06/2012	05/09/2005	21/07/2005	21/10/2005	09/09/2015
2.	Reporting period	01/04/2018 to 31/03/2019	01/04/2018 to 31/03/2019	01/04/2018 to 31/03/2019	01/04/2018 to 31/03/2019	01/04/2018 to 31/03/2019
3.	Reporting currency	USD	IDR	USD	SGD	USD
	Closing Exchange rate	INR 69.16/USD	INR 0.4850 / IDR 100	INR 69.16/USD	INR 51.04/SGD	INR 69.16/USD
4.	Share capital	-	826.52	126.52	338.85	337.28
5.	Reserves & Surplus	0.01	(717.63)	(124.73)	(68.64)	2.28
6.	Total assets	0.11	430.56	1.99	282.71	516.87
7.	Total Liabilities	0.11	430.56	1.99	282.71	516.87
8.	Investments	-	-	-	245.93	-
9.	Turnover	0.05	239.05	-	-	-
10.	Profit before taxation	-	(49.35)	(0.64)	(51.19)	(1.03)
11.	Provision for taxation	-	-	-	-	-
12.	Profit after taxation	-	(49.35)	(0.64)	(51.19)	(1.03)
13.	Proposed Dividend	-	-	-	-	-
14.	% of shareholding	100	57.4	57.4	57.4	67.8

Notes: 1. The figures of Sundaram Holding USA Inc includes the consolidation of its subsidiaries viz., Green Hills Land Holding LLC, Components Equipment Leasing LLC, Sundaram-Clayton USA LLC (Formerly Known as Workspace Project LLC) and Premier Land Holding LLC.

2. Subsidiaries which are yet to commence operations: (1) TVS Two Wheeler Mall Private Ltd, (2) TVS Micro Finance Private Ltd, (3) Harita ARC Private Ltd, (4) Harita Collection Services Private Ltd, (5) TVS Commodity Financial Solutions Private Ltd, (6) TVS Housing Finance Private Ltd and (7) Premier Land Holding LLC.

3. Subsidiaries which have been liquidated or sold during the year- Nil.



## Consolidated Financial Statements of *Sundaram-Clayton Limited*

### Part "B": Associates

#### Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies

(Rupees in crores)

S. No	Name of Associates	Emerald Haven Realty Limited	Sundram Non-Conventional Energy Systems Limited	TVS Training and Services Limited
1.	Latest audited Balance Sheet Date	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2019
2.	Date on which the Associate was acquired	26/03/2012	24/03/1995	20/02/2013
3.	Shares of Associate held by the Company on the year end			
	(i) No. of shares	11,12,19,512	1,17,650	27,63,359
	(ii) Amount of Investment in Associates	111.22	0.12	2.76
	(iii) Extend of Holding %	28.01	23.53	30.53
4.	Description of how there is significant influence	Holding More than 20% of share capital.		
5.	Reason why the associate is not consolidated	Not applicable		
6.	Networth attributable to Shareholding as per latest audited Balance Sheet	304.91	3.73	14.46
7.	Profit / Loss for the year			
	(i) Considered in Consolidation	1.39	0.38	1.78
	(ii) Not Considered in Consolidation	3.56	1.24	4.05

Note: 1. Associates which are yet to commence Operations - Nil.

2. Associates which have been liquidated or sold during the year - Nil.

VENU SRINIVASAN  
Chairman & Managing Director

Dr. LAKSHMI VENU  
Joint Managing Director

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

VIVEK S JOSHI  
President & CEO

K GOPALA DESIKAN  
Chief Financial Officer

R RAJA PRAKASH  
Company Secretary

V SATHYANARAYANAN  
Partner  
Membership No. 027716

Chennai  
2<sup>nd</sup> May 2019

