



# Sundaram-Clayton Limited

Regd. & Corporate Office :  
"Jayalakshmi Estates", 5th Floor  
P.O. Box : 732,  
29, Haddows Road,  
Chennai - 600 006, India.  
Telephone : (044) 28272233  
Fax : (044) 28257121

6<sup>th</sup> September 2016

BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai 400 001.

National Stock Exchange of India Ltd.,  
Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. 1/C, "G" Block,  
Bandra-Kurla Complex,  
Bandra (E), Mumbai 400 051.

**Scrip code: 520056**

**Scrip code: SUNCLAYLTD**

Dear Sir,


**Reg : Compliance under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

In terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby enclose the Annual Report for the financial year 2015-16 duly approved and adopted by the members of the Company at its 54<sup>th</sup> Annual General Meeting held on 2<sup>nd</sup> September 2016.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,  
For SUNDARAM-CLAYTON LIMITED

  
R Raja Prakash  
Company Secretary

*Sundaram-Clayton Limited*

*54th Annual Report 2016*



## Sundaram-Clayton Limited

### Board of Directors

**venu srinivasan**  
*Chairman & Managing Director*  
**Dr. Lakshmi Venu**  
*Joint Managing Director*  
**Sudarshan Venu**  
*Joint Managing Director*  
**K Mahesh**  
**Gopal Srinivasan**  
**T K Balaji**  
**Vice Admiral P J Jacob (Retd.)**  
**S Santhanakrishnan**  
**V Subramanian**  
**R Vijayaraghavan**  
**Kamlesh Gandhi**  
**R Gopalan**

### Audit Committee

**Vice Admiral P J Jacob (Retd.)**  
*Chairman*  
**T K Balaji**  
**V Subramanian**  
**S Santhanakrishnan**

### Stakeholders' Relationship Committee

**S Santhanakrishnan**  
*Chairman*  
**R Vijayaraghavan**  
**Dr. Lakshmi Venu**

### Nomination and Remuneration Committee

**Vice Admiral P J Jacob (Retd.)**  
*Chairman*  
**R Vijayaraghavan**  
**V Subramanian**

### Corporate Social Responsibility Committee

**Venu Srinivasan**  
*Chairman*  
**Dr. Lakshmi Venu**  
**Vice Admiral P J Jacob (Retd.)**

### Executive Director

**H Lakshmanan**

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

**C N Prasad**

### President - Die Casting Division

**M Muthuraj**

### Chief Financial Officer

**V N Venkatanathan**

### Company Secretary

**R Raja Prakash**

### Statutory Auditors

**M/s. Sundaram & Srinivasan**  
 Chartered Accountants,  
 New No. 4 (Old No. 23), C.P. Ramaswamy Road,  
 Alwarpet, Chennai - 600 018.  
 Tel. : 044-2498 8762  
 E-mail : yessendes@vsnl.net

### Cost Auditor

**A N Ramam**  
 Cost Accountant,  
 No.10, P. Muthukumaraswami Salai,  
 Off. Baby Nagar 1<sup>st</sup> Main Road, Velachery,  
 Chennai - 600 042.  
 Tel. : 044-3290 6831  
 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,  
 No.29 (Old No.8), Haddows Road,  
 Chennai - 600 006  
 Tamil Nadu, India.  
 Tel. : 044 - 2828 4959; 2827 2233  
 Fax : 044 - 2825 7121  
 E-mail : [raman@scl.co.in](mailto:raman@scl.co.in)  
[investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@scl.co.in)

### Bankers

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

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

### Registered Office

"Jayalakshmi Estates"  
 No. 29 (Old No. 8) 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  
 Fax : 044 - 2625 7177

#### Mahindra World City

Plot No. AA5, VI Avenue  
 Auto Ancillary SEZ  
 Kancheepuram - 603 002, Tamil Nadu, India.  
 Tel. : 044 - 2746 0500  
 Fax : 044 - 2746 0520

#### Oragadam

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

#### Hosur

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

### Subsidiary Companies

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

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## Sundaram-Clayton Limited

### FINANCIAL HIGHLIGHTS INCLUDING SELECTED INDICATORS AND RATIOS

(Rupees in crores)

Year ended	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sales	816.2	426.9	492.4	492.7	805.7	1017.0	1018.6	1196.8	1346.1	1414.8
Other income	48.6	34.5	36.3	46.3	22.2	34.2	38.1	35.8	55.0	102.4
Total	864.8	461.4	528.7	539.0	827.9	1051.2	1056.7	1232.6	1401.1	1517.2
Exceptional Income	-	-	-	-	-	25.3	-	5.8	3.1	6.0
Total Income	864.8	461.4	528.7	539.0	827.9	1076.5	1056.7	1238.4	1404.2	1523.2
Gross profit before interest, depn & tax	176.1	73.9	60.1	71.8	107.8	166.7	127.9	149.7	181.1	241.8
Depreciation	32.8	27.7	31.0	37.6	40.8	47.3	51.3	53.2	59.8	55.0
Profit before interest & tax	143.3	46.2	29.1	34.2	67.0	119.4	76.6	96.5	121.3	186.8
Interest	15.2	10.8	22.1	20.5	21.7	38.4	44.3	35.7	36.9	32.8
Profit before taxation	128.1	35.4	7.0	13.7	45.3	81.0	32.3	60.8	84.4	154.0
Profit after taxation	91.6	23.9	6.3	12.4	37.3	72.3	35.4	53.7	71.2	139.6
Net Fixed assets	326.4	240.2	304.3	307.4	366.1	395.0	408.8	405.9	418.2	467.3
Net current assets	170.6	213.7	219.0	172.6	212.6	230.0	248.6	256.0	289.1	285.1
Share capital	18.9	9.5 <sup>(a)</sup>	9.5	18.9 <sup>(b)</sup>	18.9	9.5 <sup>(c)</sup>	9.5	10.1 <sup>(d)</sup>	10.1	10.1
Reserves & surplus	325.2	226.6	221.9	225.4	241.3	273.0	282.6	333.5	364.5	421.1
Networth	344.1	236.1	231.4	244.3	260.2	282.5	292.1	343.6	374.6	431.2
Loan funds	215.8	267.4	339.3	288.7	359.5	389.7	414.3	362.2	378.2	369.8
Deferred taxation (net)	19.4	19.8	19.9	20.3	21.7	20.0	16.9	18.5	22.3	26.3
EPS (Rs)	48.1	12.6	3.3	3.3	9.8	30.1	18.7	27.0	35.2	69.0
DPS (Rs)	17.0	8.8	2.0	1.8	5.8	11.5	14.0	19.3	19.0	41.0
Book value per share (Rs)	181.4	127.5	122.0	64.4	68.6	148.9	153.9	169.8	185.2	213.1
Return on capital employed (ROCE) %	27.8	8.4	5.2	6.0	11.2	17.9	10.8	13.3	16.2	23.3
Return on net worth (RONW) %	28.9	8.2	2.7	5.2	14.8	26.6	12.3	16.9	19.8	34.6
Fixed assets turnover (no of times)	2.6	1.5	1.8	1.6	2.4	2.7	2.5	2.9	3.3	3.2
Working capital turnover (no of times)	6.6	2.2	2.3	2.5	4.2	4.6	4.3	4.7	4.9	4.9
Gross profit as % of sales (EBITDA)	21.6	17.3	12.2	14.6	13.4	13.9	12.6	12.0	13.2	16.7
Gross profit as % of total income	20.4	16.0	11.4	13.3	13.0	13.4	12.1	11.7	12.7	15.5
Net profit as % of total income	10.6	5.2	1.2	2.3	4.5	4.5	3.4	3.9	4.9	8.8

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

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 the exceptional income.

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

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

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

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

#### Notes:

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

## Sundaram-Clayton Limited

### Notice of the Annual General Meeting

NOTICE is hereby given that the fifty fourth annual general meeting of the Company will be held at 'The Music Academy', New No. 168 (Old No. 306) T.T.K. Road, Royapettah, Chennai 600 014 on Friday, the 2<sup>nd</sup> September 2016, at 10.00 A.M to transact the following business:

#### ORDINARY BUSINESS

1. To consider passing the following resolution as an ordinary resolution:  
"RESOLVED THAT the audited balance sheet as at 31<sup>st</sup> March, 2016, the statement of profit and loss, notes forming part thereof, the cash flow statement for the year ended on that date and the consolidated financial statements, together with the directors' report and the auditors' report thereon as circulated to the Members and presented to the meeting be and the same are hereby approved and adopted."
2. To consider passing the following resolution as an ordinary resolution:  
"RESOLVED THAT Mr Gopal Srinivasan (holding DIN 00177699), 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."
4. To consider passing the following resolution as an ordinary resolution:  
"RESOLVED THAT the re-appointment of M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, having Firm Registration No. 004207S, allotted by The Institute of Chartered Accountants of India, as statutory auditors of the Company to hold office, from the conclusion of this annual general meeting till the conclusion of the next annual general meeting for the last year in the transitional period of three consecutive years as recommended by the audit committee and approved by the board of directors of the Company, in terms of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 on such remuneration and as may be mutually agreed upon between the Board and the Statutory Auditors in addition to reimbursement of all applicable taxes, travelling and out-of-pocket expenses, be and is hereby ratified."

By order of the board

Chennai  
12<sup>th</sup> May 2016

R Raja Prakash  
Company Secretary

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

#### Notes:

#### 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 Annual General Meeting (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 205A read with Section 205C of the Companies Act, 1956, 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 mentioned are requested to make their claim(s) by surrendering the un-encashed warrants immediately to the Company. Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with companies) Rules, 2012, the Company is providing / hosting the required details of unclaimed amounts referred to under Section 205C (2) of the Companies Act, 1956 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 authorized representatives to attend the meeting in terms of Section 113 of the Companies Act 2013 (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.

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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 will also be available at the Company's Registered Office in Chennai for inspection during 10.00 a.m. to 12.00 Noon on all working days from 22<sup>nd</sup> July 2016 till the date of AGM.

8) As a measure of economy, copies of the Annual Report will not be distributed at the AGM. Members are, therefore, requested to bring their copies of the Annual Report to the meeting.

### Members holding shares in electronic form

9) 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 their Depository Participant(s) (DP) with whom they are maintaining their demat accounts.

10) 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, change of name, e-mail address, contact numbers, etc., to their DP.

11) 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.

12) Electronic copy of the Annual Report and the Notice of the AGM *inter-alia* indicating the process and manner of e-Voting alongwith Attendance Slip and Proxy Form are being sent to all the Members whose email IDs are registered with the Company / DP(s) for communication purposes, unless any Member has requested for a hard copy of the same.

13) Members are requested to affix their signatures at the space provided on the Attendance Slip annexed to Proxy Form. Members / Proxies / Authorised Representatives are requested to bring the Attendance Slips duly filled in for attending the Meeting. Members are requested to write their Client ID and DP ID numbers in the Attendance Slip for attending the Meeting and handover the Slip at the entrance of the meeting hall.

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, 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, change of 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.

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.

18) Members are requested to affix their signatures at the space provided on the Attendance Slip annexed to Proxy Form. Members / Proxies / Authorised Representatives are requested to bring the attendance slips duly filled in for attending the Meeting. Members are requested to write their Folio Number in the Attendance Slip for attending the Meeting and handover the Slip at the entrance of the meeting hall.

### Voting

19) The business 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').

20) 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 the AGM.

21) In case of joint holders attending the 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.

22) 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations) the Company has provided facility to exercise votes through electronic voting system, to Members holding shares as on 26<sup>th</sup> August 2016, 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 e-Voting process through the e-Voting platform provided by NSDL by typing the URL: <https://www.evoting.nsdl.com>.

The voting rights of the Members / beneficial owners will be reckoned on the Equity Shares held by them as on 26<sup>th</sup> August 2016, i.e., "Cut-Off Date". Members as on the cut-off date, i.e., 26<sup>th</sup> August 2016, 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 URL: <https://www.evoting.nsdl.com>;
- ii. Enter the login credentials, i.e., User ID and Password mentioned in your email. Your Folio No. / DP ID will be your

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User ID. 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 (i.e other than individuals, HUF, NRI etc) 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 [sriram.krishnamurthy@rediffmail.com](mailto:sriram.krishnamurthy@rediffmail.com), with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in);
- xii. Members can cast their vote online from 30<sup>th</sup> August 2016 (Tuesday) (9 a.m.) to 1<sup>st</sup> September 2016 (Thursday) (5 p.m.) through remote e-Voting. The remote e-Voting will not be allowed beyond the aforesaid date and time and the remote e-Voting module will be disabled by NSDL for voting thereafter;

Only Members as on the Cut-Off date, attending the AGM who have not cast their vote through remote e-Voting will

be able to exercise their voting right at the 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) for Members 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) Members holding shares as on the "Cut-off Date" i.e., 26<sup>th</sup> August 2016 will be entitled to vote through remote e-Voting or at the venue of the AGM through Ballot paper;
- (ii) The Notice of 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 22<sup>nd</sup> July 2016;

Where Notice of AGM is sent by email, User ID and Password are sent in the email itself. Where Notice of AGM 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 26<sup>th</sup> August 2016 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 AGM;

- (iii) Mr K Sriram, Practising Company Secretary (C.P No.2215), Chennai has been appointed by the board as Scrutinizer for conducting the remote e-Voting process and voting through Ballot papers at the AGM, in a fair and transparent manner;
- (iv) 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



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in the presence of at least two witnesses, not in the employment of the Company and make, within forty eight 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;

- (v) The Scrutinizer will submit his report to the Chairman, or any other Director of the Company, 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 <https://www.evoting.nsdl.com> and shall also be communicated to the Stock Exchanges. All the resolutions, subject to receipt of requisite no. of votes, shall be deemed to be passed at the AGM scheduled to be held on 2<sup>nd</sup> September 2016; and
- (vi) All documents referred to in the accompanying Notice of AGM will be open for inspection at the Registered Office of the Company during 10.00 a.m. to 12.00 noon on all working days from 22<sup>nd</sup> July 2016 till the date of the AGM.

- 23) Route-map to the venue of the Meeting is provided in the Attendance Slip.
- 24) Any query relating to financial statements must be sent to the Company's Registered Office at least seven days before the date of AGM.
- 25) In accordance with the provisions of Article 129 of the Articles of Association of the Company, M/s Gopal Srinivasan and T K Balaji will retire by rotation at the AGM and, being eligible, offer themselves for re-election.
- 26) In terms of Regulation 36(3) of the SEBI (LODR) Regulations, 2015, read with Secretarial Standards on General Meetings, a brief profile of directors, who are proposed to be re-appointed in this AGM, nature of their expertise in specific functional areas, their other directorships and committee Memberships, their shareholdings and relationship with other directors of the Company are given below:

### I. Mr Gopal Srinivasan

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

Mr Gopal Srinivasan, a Member of the TVS family, is the founder and Chairman of TVS Electronics Limited, and is a Director in T V Sundram Iyengar & Sons Private Ltd, the holding company and

several group companies. He was also a Board Member in Great Lakes Institute of Management.

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

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

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

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

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

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

Details of his other directorships are given below:

S.No.	Name of the Company / Association	Position held
1.	TVS Capital Funds Limited	Chairman and Managing Director
2.	Harita Techserv Limited	Chairman
3.	TVS Electronics Limited	Chairman
4.	T V Sundram Iyengar & Sons Private Limited	Director
5.	TVS Logistics Services Limited	Director
6.	TVS Investments Limited (formerly Sundaram Investment Limited)	Chairman and Managing Director
7.	Sundaram Industries Private Limited	Director
8.	Lucas-TVS Limited	Director
9.	Cross Creek Channel Investment Advisors Pvt Ltd	Director
10.	Nextwealth Entrepreneurs Private Limited	Director
11.	IVC Association	Director
12.	IIT Madras Research Park	Director
13.	Chennai International Centre	Director

He does not hold any Committee Memberships.

### II. Mr T K Balaji

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

Mr T K Balaji is a Member of Development Council for Automobiles & Allied Industries, Government of India. He was the past president

## Sundaram-Clayton Limited

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 a Member of the Audit Committee of directors of the Company.

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

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

S.No.	Name of the Company	Position held	Committee Memberships / chairmanships
1.	India Nippon Electricals Limited	Chairman	Chairman - Stakeholders Relationship Committee, Member - Nomination and Remuneration Committee
2.	Lucas-TVS Limited	Chairman & Managing director	-
3.	Delphi-TVS Diesel Systems Limited	Managing director	-
4.	Lucas Indian Service Limited	Director	-

S.No.	Name of the Company	Position held	Committee memberships / chairmanships
5.	T V Sundram Iyengar & Sons Private Limited	Director	-
6.	Titan Company Limited	Director	Member - Audit Committee, Member - Nomination and Remuneration Committee
7.	TVS Automotive Systems Limited	Director	-
8.	TVS Investments Limited (formerly Sundaram Investment Limited)	Director	-
9.	TVS Credit Services Limited	Director	-
10.	India Japan Lighting Private Limited	Chairman	-
11.	Punarvasu Swasthi Private Limited	Director	-
12.	Hastham Swasthi Private Limited	Director	-
13.	Harita Electronics Private Limited	Director	-

By order of the board

Chennai  
12<sup>th</sup> May 2016

R Raja Prakash  
Company Secretary

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

## Sundaram-Clayton Limited

### Directors' report to the shareholders

The directors have pleasure in presenting the fifty fourth annual report and the audited financial statements for the year ended 31<sup>st</sup> March 2016.

#### 1. FINANCIAL HIGHLIGHTS

Details	Year ended 31.03.2016	Year ended 31.03.2015
	(Rs. in Cr)	
Sales and other income	1517.17	1,401.11
Profit before finance cost and depreciation	235.78	178.05
Less: Finance Cost	32.83	36.88
Depreciation	54.95	59.82
Profit after finance cost and depreciation	148.00	81.35
Add : Exceptional Item (Income)	6.03	3.06
Profit before tax	154.03	84.41
Less: Provision for :		
Income tax	12.00	9.50
Tax relating to earlier years	(1.57)	-
Deferred tax	4.00	3.75
Profit after tax	139.60	71.16
Surplus brought forward from previous year	103.23	77.63
Total	242.83	148.79
Appropriations:		
First interim dividend paid	42.49	18.21
Second interim dividend paid	40.46	8.09
Third interim dividend payable	-	12.14
Dividend tax paid	0.06	-
Transfer to general reserve	-	7.12
Balance carried to Balance Sheet	159.82	103.23
Total	242.83	148.79

#### 2. DIVIDEND

The board of directors of the Company at its meeting held on 9<sup>th</sup> February 2016, declared a first interim dividend of Rs.21/- per share (420%) for the year 2015-16, absorbing a sum of Rs.42.55 Cr. including dividend distribution tax. The same was paid to the shareholders on 20<sup>th</sup> February 2016.

The board at its meeting held on 22<sup>nd</sup> March 2016, declared a second interim dividend of Rs.20/- per share (400%) for the year 2015-2016, absorbing a sum of Rs.40.46 Cr. The same was paid to the shareholders on 28<sup>th</sup> March 2016.

Hence, the total amount of both dividends paid for the year ended 31<sup>st</sup> March 2016 will aggregate to Rs. 41/- per share (820%) absorbing a sum of Rs.83.01 Cr on 2,02,32,085 equity shares of Rs.5/- each.

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 to the extent available.

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

#### 3. PERFORMANCE

During the year 2015-16, the domestic macro-economic conditions largely remained consistent with that of the previous year. The Gross Domestic Product (GDP) registered a growth of 7.4% (2014-15: 7.3%). The Consumer Price Index (CPI) has been subdued at 4.9%.

Global economic environment continued to be weak and uncertain during 2015-16. In the US, the sluggish economy continued and consumer sales activity remained relatively tepid. The GDP in the US market registered a growth of 2.4% (2014:2.4%). The GDP in EU registered a growth of 1.5% (2014: 0.9%).

The following table highlights the performance of the Company during 2015-16:

Particulars	FY 2015-16	FY 2014-15	Variance (in %)
Sales (Tonnage)	45,675	44,065	3.6
Sale of goods (Rs. in Cr)	1,343.4	1,283.8	4.6
Domestic sales (Rs. in Cr)	796.5	752.9	5.8
Export sales (Rs. in Cr)	546.9	530.9	3.0
Profit before Tax (Rs. in Cr)	154.0	84.4	82.5

#### 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.

Category	FY 2015-16	FY 2014-15	Variance (in %)
Two Wheelers	1,89,37,104	1,84,33,027	2.7
Passenger Vehicles	34,43,567	32,22,577	6.9
Commercial Vehicles	7,87,393	7,01,887	12.2

(Source: SIAM)

The Indian auto industry (domestic sales and exports) posted an overall growth of 3.5% (Source: SIAM). The industry's performance was muted during FY15-16 with motorcycle, tractor, light commercial vehicle and construction equipment segments remaining weak.

###### Exports

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

Market	Category	FY 2015-16	FY 2014-15	Variance (in %)
North America	Class 8 Trucks	289,109	286,094	1.1
North America	Class 4-7 Trucks	234,736	216,785	8.3
Europe	Medium & Heavy trucks	270,099	226,117	19.5

(Source: FTR & ACEA )

## Sundaram-Clayton Limited

Class 8 trucks reached the end of the cyclical upturn by mid of 2015. The sales and factory shipments declined by over 12% in the second half of the financial year.

### II. Business Outlook and Overview

With no visible shift in the economic momentum, GDP growth rate in India for FY 2016-17 is likely to hover around 7.3% to 7.5%. A number of factors like low inflation, comfortable current account deficit (CAD), robust services growth, mild recovery in agriculture and supportive fiscal policy may help sustain growth rate at current levels.

In FY 2016-17, implementation of the seventh pay commission and government outlays under various schemes such as MUDRA, OROP are expected to support urban / semi-urban segments like passenger vehicle and two-wheeler. Rural demand will be contingent on healthy monsoon.

Given the economic outlook, the automobiles and auto-component sectors are expected to grow at similar levels in FY 2016-17.

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, higher component content per vehicle. Auto component export is another key growth driver. The "Make in India" pitch may further boost the growth of the component industry.

Globally, IMF continues to lower the GDP growth forecast. For 2016, the forecast has been reduced from 3.6% to 3.4%. Growth in advanced economies is expected to remain at 2.1%.

In the US, consumer spending and employment growth has been healthy, keeping the economy in the positive range. Instability in the financial markets may result in growth slipping to near recession conditions. Current data indicates that the US economy is continuing on its long-term, near 2% GDP growth rate.

The US truck market (Class 8) volumes are expected to significantly decline by over 20-25% in 2016. The market is expected to downshift to a lower, but more sustainable level.

The EU truck markets are expected to continue recovering in 2016 supported by gradually improving economic outlook. Lower fuel prices, credit availability and deferred replacement demand are all positive factors that are expected to support growth in 2016.

### III. Opportunities & Threats

The Company supplies aluminum castings in machined condition 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) (50%), followed by car industry (26%) and two wheeler industry (24%).

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 vehicle types. 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 and good supply base.

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 some protection against volatility of commodity prices.

### IV. Risks and concerns

#### Economy

There are possible risks on the horizon, both external and domestic. Spill-overs from weak global growth and potential global financial market volatility could be disruptive.

The international markets remain fragile. There are rising uncertainties concerning China's economy and its impact on both emerging and developed economies. After 2016, recession risks start to rise considerably.

Overall, globally downside risks continue to persist, reflecting global headwinds and geo-political uncertainty.

In India, delayed monsoon could pose challenges for rural growth. Uncertainties surrounding inflation path still remains (emanating from likely upturn in commodity prices, especially oil).

#### Industry specific

The Indian commercial vehicle industry has strong correlation with the agricultural growth, infrastructure development, the mining industry and is cyclical.

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.

As no major economic recovery in China is expected, international prices of aluminum is expected to remain at levels witnessed in FY 2015-16.

#### Forex

With significant exports, import of raw materials and capital goods and foreign currency liabilities, the Company is always exposed to currency fluctuations. 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 TS 16949 are in place to ensure excellent product quality. However, appropriate recall and product liability insurance in line with standard industry practice have been taken.

## Sundaram-Clayton Limited

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 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 Risk Management Policy which formalizes the Company's approach to overview and manage material business risks. The policy is implemented through a top down and bottom up approach identifying, assessing, monitoring and managing key risks across the Company's business units.

Risks and effectiveness of their management are internally reviewed and reported regularly to the Board. The Management has reported to the Board that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

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

## V. 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. Company ensures adherence to all statutes.

### Internal Financial Controls

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 and effectiveness of Internal Financial Controls.

## VI. Operations Review

### A. 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 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 2015-16.

- Hyundai - Award for disaster management
- Cummins - Best supplier - Six Sigma category
- Daimler - Special award for globally competitive supplies
- DAF-PACCAR - Certificate of honor for excellent PPM

### B. Quality

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

Poka-yokes, process audits, 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 ISO/ TS 16949 requirements.

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

Employees have completed 733 projects by applying statistical tools through Quality Control Circles (QCC) in 2015-16. The average number of suggestions implemented per employee was 42.

### C. 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.

### D. 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.

## VII. 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 practised 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.

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Our engineers and executives 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 2016, the Company had around 2,255 employees on its rolls.

### VIII. Environment & Safety

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

The Company has been certified under Integrated Management System (IMS) combining ISO 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, among 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 the Act 2013, with respect to Directors' Responsibility Statement, it is hereby stated -

- i. that in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March 2016, the applicable Accounting Standards had been followed and that there were no material departures;
- ii. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2016 on a "going concern basis";

- v. that 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. that 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), the CSR arm of the Company, established by the group companies in 1996 with the vision of building self-reliant rural community.

Over 20 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 / programs, 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 / programs carried out as CSR activities by SST, having a track record of more than the prescribed years in undertaking similar programmes / projects.

During the year 2015-16, the Company had spent Rs.47 Lakhs, constituting more than 2% of average net profits, for the immediate past three financial years, towards CSR activities through SST.

Presently, SST is working in 3,449 villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh and Andhra Pradesh covering about 20,90,000 population and 4,63,500 families. Its major focus areas are Economic development, health care, quality education, environment and infrastructure.

Of the 3,449 villages, 2,654 villages (16,72,620 population and 3,67,170 families) have been funded by the Company during the year.

Achievements in 2,654 villages are:

Economic development:

- 2,27,667 families living in these villages have a monthly income of above Rs.15,000/-. They have financial security.
- 1880 farmers groups have been formed with 31,323 members.

## Sundaram-Clayton Limited

- Improved agriculture practices enabled 1,51,862 farmers owning 1,64,124 hectares to increase the yields than the state average by 15%.
- 1,36,050 families earn more than Rs 3,500/- per month through livestock.

### Women empowerment:

- Formed 7,064 Self Help Groups. These groups have 1,06,720 women as members.
- Of the 1,06,720 members, 99,170 members are in income generation activities. They earn a minimum income of Rs. 2,500/- per month.

### Health care:

- 60,512 children in the age group below 5 are not malnourished.
- 2,75,970 women are freed from anemia.
- 2,32,436 households made access to toilet facilities.
- The morbidity percentage reduced from 9% to 5%.
- Enrolment in anganwadis increased from 86% to 100% and attendance is 99%.
- 1,073 anganwadis have met all the Integrated Child Development Services Scheme (ICDS) standards.
- 88% involvement of mother volunteers in the functioning of anganwadis. They volunteer their time to ensure proper functioning.

### Quality education:

- 100% enrolment of children in schools. There are no drop outs in the schools.
- Number of percentage of slow learners reduced in schools from 27% to 14%.
- Out of 1,204 schools, 807 schools are now model schools.
- 73,345 illiterate women out of 1,18,872 have been made literates.

### Environment and Infrastructure:

- 2,14,120 households dispose solid waste through individual and common compost pits. 82 tons of vermi compost generated per month from wastes.
- Sewage water from 2,18,234 households disposed through soak pits, kitchen gardens and drain.
- Safe drinking water is available to 2,137 villages.

Community takes care of their development needs. 5,302 social leaders are active in this effort.

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 2015-16 are given by way of Annexure IV attached to this Report.

## 7. FINANCIAL PERFORMANCE & POSITION OF SUBSIDIARIES & ASSOCIATE COMPANIES

The following are the subsidiaries and associates of the Company:

Name of the Company	Status
TVS Motor Company Limited Sundaram-Clayton (USA) Limited	Subsidiaries of Sundaram-Clayton Limited
Sundaram Auto Components Limited TVS Housing Limited TVS Motor Company (Europe) B.V. TVS Motor (Singapore) Pte. Limited PT. TVS Motor Company Indonesia Sundaram Business Development Consulting (Shanghai) Company Limited	Subsidiaries of TVS Motor Company Limited
Sundaram Holding USA Inc.	Subsidiary of Sundaram Auto Components Limited
TVS Training and Services Limited Sundram Non-Conventional Energy Systems Limited Emerald Haven Realty Limited	Associates of Sundaram-Clayton Limited

### SUBSIDIARIES

#### **TVS Motor Company Limited (TVSM)**

TVS Motor Company Limited is engaged in the business of manufacture of two and three wheelers. During the year 2015-16, TVSM achieved a turnover of Rs. 11,295 Cr and earned a profit after tax of Rs. 432 Cr during the year 2015-16.

TVSM declared a first interim dividend of Re.1/- per share (100%) for the year 2015-16 absorbing a sum of Rs. 55.65 Cr including dividend distribution tax. It also declared a second interim dividend of Rs. 1.50 per share (150%) for the year 2015-16 absorbing a sum of Rs. 85.07 Cr including dividend distribution tax.

Hence, the total amount of both dividends for the year ended 31<sup>st</sup> March 2016 aggregated to Rs.2.50 per share (250%) on 47,50,87,114 equity shares of Re.1/- each.

#### **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 10,137 and net income after adjustment of expenses amounted to USD 319 for the year ended 31<sup>st</sup> March 2016.

## **Sundaram-Clayton Limited**

### **Sundaram Auto Components Limited (SACL)**

During the year, SACL, a wholly owned subsidiary of TVSM, achieved a turnover of Rs.2737 Cr including Rs.491 Cr in Plastics Component business. SACL earned a profit after tax of Rs.28.64 Cr during the year 2015-16.

SACL increased its customer base by addition of new customers for manufacture of cluster components and heating, ventilating and air-conditioning parts.

SACL productionized 314 new parts for various customers.

SACL received the following awards:

- "Outstanding Supplier for achieving Delivery Target" from TOYODA GOSEI
- "Q1" certification from FORD India
- "SQ mark" certification from Hyundai Motors India Ltd.
- "Best Supplier Kaizen award" from India Japan Lighting Pvt. Ltd.

SACL on 24<sup>th</sup> December, 2015, declared a first interim dividend of Rs.4.00 per share (40%) for the year 2015-16 absorbing a sum of Rs.5.56 Cr including dividend distribution tax.

SACL again on 7<sup>th</sup> March, 2016 declared a second interim dividend of Rs.3.00 per share (30%) for the year 2015-16 absorbing a sum of Rs.4.18 Cr including dividend distribution tax.

Hence, the total amount of both dividends paid for the year ended 31<sup>st</sup> March, 2016 aggregates to Rs.7.00 per share (70%) thereby absorbing a sum of Rs.9.74 Cr, including dividend distribution tax.

### **TVS Housing Limited (TVSH) - Subsidiary / Emerald Haven Realty Limited (EHRL) - Associate**

EHRL is the developer of the Nedungundram, Chennai project of TVSH. Phase 1 was developed as apartments and Phase 2 was launched as villas and row houses. As of 31<sup>st</sup> March 2016, all the 448 apartments have been sold and customers have taken possession of the apartment. Despite the tough real estate market condition in Chennai, the response for the villa and row house have been quite good. As the phase 2 is nearing completion, the Company has already sold about 90% of the units. The Company is confident that the remaining units would be sold during 2016-17.

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

During 2015-16, motorcycle industry in Indonesia declined by 12% (from 7.6 million units in 2014-15 to 6.6 million units in 2015-16). The decline was mainly due to lower economic growth and weak consumer sentiments due to subdued commodity prices and further tightening of credit. While the bebek segment declined by 33%, sports motorcycle segment went down by 23%. The scooter category marginally declined by 5%. Within 2 wheelers, the scooter segment continued to dominate with a category share of 75%.

During the year, PT. TVSM launched the 110 cc Dazz scooter with Fuel Injection System in Indonesian market. It also launched the new

Apache 200 cc sports motorcycle. PT. TVSM continued its focus on exports to ASEAN and African countries. PT. TVSM commenced its exports to Latin American market by entering Colombia.

The decline in two wheeler industry resulted in lower domestic sales during 2015-16. PT. TVSM sold total of 17,100 vehicles as against 23,300 vehicles sold in the previous year. However, the focus on ASEAN and African markets helped PT. TVSM to export 15,000 no's, registering an increase of 4% over the previous year. The EBITDA loss for the year of 6.8 Mn USD is marginally lower than EBITDA loss of 7.7 Mn USD OF 2014-15. Focus during 2016-17 will be to build on the portfolio and substantially reduce the EBITDA loss.

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

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.

### **Sundaram Business Development Consulting (Shanghai) Company Limited (SBDC)**

SBDC was initially established to explore options of sourcing auto components and local assembly of two wheelers etc., in China. After a complete review, board felt that it may not be viable to carry out manufacturing activities in China and therefore steps were taken for closure of operations of SBDC. All required formalities were completed in April 2016. Hence in the books a provision of Rs.1.07 Cr has been made for diminution in the value of investments.

### **Sundaram Holding USA Inc.,**

The Company made an investment of USD 250 consisting of 250 shares with face value of USD 1 each in Sundaram Holding USA Inc., (SHUI) constituting 25% of its paid up share capital. SHUI was incorporated under the applicable provisions of laws of United States of America for carrying out the business of the Company in USA.

SACL, another subsidiary of the Company has also invested USD 750 consisting of 750 shares with face value of USD 1 each in SHUI constituting 75% of its paid up share capital.

Hence, SHUI became the subsidiary of SACL effective 9<sup>th</sup> September 2015, and thereby the subsidiary of the Company by virtue of the provisions of Section 2(87) of the Act, 2013.

## **ASSOCIATES**

### **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 Rs. 12.65 Cr and profit after tax for the year ended 31<sup>st</sup> March 2016 was Rs.0.36 Cr.



## Sundaram-Clayton Limited

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

SNCES is engaged in the business of generation of power. During the year the Company earned revenue of Rs. 2.71 Cr and profit after tax was Rs.1.41 Cr.

Financial position of all subsidiaries and associate companies are provided as part of consolidated financial statements in Form AOC-1 in the manner required under Section 129 read with the Companies (Accounts) Rules, 2014 of the Act, 2013.

### **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 (LODR) Regulations, 2015 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 auditor's report forms part of the Annual Report.

The audited financial statements in respect of each of its subsidiary companies will be made available to the shareholders, on receipt of a request from any shareholder of the Company 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.

The consolidated profit after tax of the Company and its subsidiaries & associates amounted to Rs. 408.24 Cr for the financial year 2015-16 as compared to Rs. 345.19 Cr in the previous year.

### **9. DIRECTORS & KEY MANAGERIAL PERSONNEL**

#### **Independent Directors (IDs)**

At the annual general meeting 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.

On appointment, each ID has acknowledged the terms of appointment as set out in their letters of appointment. The appointment letter covers, *inter alia*, the terms of appointment, duties, remuneration and expenses, rights of access to information, other directorships, dealing in Company's shares, disclosure of Director's interests, insurance and indemnity. The IDs are provided with copies of the Company's policies and charters of various committees of the board.

Mr Suresh Kumar Sharma, an independent director of the Company, ceased to be a director of the Company with effect from 23<sup>rd</sup> March 2016, due to his sad and untimely demise. The board placed on record its appreciation for the outstanding contribution made by

Mr Suresh Kumar Sharma during his tenure as director of the Company.

As required under the provisions of Companies Act, 2013, the board proposed the appointment of Mr R Gopalan as Non-executive Independent director for approval of shareholders through process of postal ballot.

In accordance with Section 149(7) of the Act, 2013, all IDs have declared that they met the criteria of independence as provided under Section 149(6) of the Act, 2013.

The detailed terms of appointment of IDs is disclosed on the Company's website in the following link <http://www.sundaram-clayton.com/Web%20files/Terms%20of%20IDs.pdf>.

#### **Separate meeting of Independent Directors (IDs)**

The IDs were fully kept informed of the Company's activities in all its spheres. During the year under review, a separate meeting of IDs was held on 14<sup>th</sup> March, 2016 and the IDs reviewed the performance of:

- (i) non-IDs viz., M/s Venu Srinivasan, Chairman and Managing Director, Dr. Lakshmi Venu and Sudarshan Venu, Joint Managing Directors, K Mahesh, T K Balaji and Gopal Srinivasan, Directors; and
- (ii) the board as a whole.

They also reviewed the performance of Chairman after taking into account the views of Executive and Non-Executive Directors.

They also assessed the quality, quantity and timeliness of flow of information between the Company's Management and the Board that are necessary for the Board to effectively and reasonably perform their duties. All the IDs were present at the meeting.

#### **Woman director**

In terms of Section 149 of the Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of SEBI (LODR) Regulations, 2015, the Company is required to have a woman director on its board.

Dr Lakshmi Venu, joint managing director, is already on the board of the Company as a director from 22<sup>nd</sup> March, 2010 and hence, the Company fulfills the requirement of the Act, 2013 and SEBI (LODR) Regulations, 2015 regarding the appointment of woman director on the board of the Company.

#### **Non-executive and non-independent directors (NE-NIDs)**

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 are liable to retire by rotation at every AGM.

Mr Gopal Srinivasan and Mr T K Balaji, directors are liable to retire by rotation, at the AGM, and being eligible, offer themselves for re-appointment.

The directors, therefore, recommend their re-appointment as directors of the Company.

### Key Managerial Personnel (KMP)

In terms of Section 2(51) and Section 203 of the Act, 2013, Mr Venu Srinivasan, Chairman and Managing Director, Dr. Lakshmi Venu, Joint Managing Director, Mr C N Prasad, President & Chief Executive Officer, Mr V N Venkatanathan, Chief Financial Officer and Mr R Raja Prakash, Company Secretary are KMP of the Company.

### Nomination and Remuneration Policy

The Nomination and Remuneration Committee of Directors (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 and the Company.

In accordance with the requirements under Section 178 of the Act, 2013, Nomination and Remuneration Policy was formulated to govern the terms of nomination / appointment and remuneration of (i) Directors, (ii) KMP and (iii) Senior Management Personnel (SMP) of the Company. The same was approved by the board at its meeting held on 24<sup>th</sup> September 2014. There is no change in the policy during the year under review.

The NRC also reviews succession planning of both SMP and board. The Company's approach in recent years is to have a greater component of performance linked remuneration for SMP.

The process of appointing a director / KMP / SMP is, that when a vacancy arises, or is expected, the 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, and the balance of skills added to that of which the existing members hold.

The NRC will review the profile of persons and the most suitable person is either recommended for appointment by the board or is recommended to shareholders for their election. The NRC has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

The NRC will ensure that any person(s) who is / are appointed or continues in the employment of the Company as its executive chairman, managing director, whole-time director shall comply with the conditions as laid out under Part I of Schedule V to the Act 2013. The NRC will ensure that any appointment of a person as an independent Director of the Company will be made in accordance with the provisions of Section 149 read with Schedule IV to the Act, 2013 alongwith any other applicable provisions and SEBI (LODR) Regulations, 2015.

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.

### Evaluation of the board, committees and directors

In terms of Section 134 of the Act 2013 and the Corporate Governance requirements as prescribed under SEBI (LODR) Regulations, 2015, the board reviewed and evaluated its own performance from the perspectives

of Company's performance, strategy and implementation, risk management and corporate ethics, based on the evaluation criteria laid down by the NRC.

### Board

The board discussed and assessed its own composition, size, mix of skills and experience, its meeting sequence, effectiveness of discussion, decision making, follow up action, quality of information and the performance and reporting by the Committees viz., Audit Committee, NRC, Stakeholders Relationship Committee (SRC) and Corporate Social Responsibility Committee (CSR).

The board upon evaluation concluded that it is well balanced in terms of diversity of experience encompassing all the activities of the Company. The Company endeavours to have a diverse board representing a range of experience at policy-making levels in business and technology, and in areas that are relevant to the Company's global activities.

The board also noted that corporate responsibility, ethics and compliance are taken seriously, and there is a good balance between the core values of the Company and the interests of stakeholders. The board satisfied with the Company's performance in all fronts viz., new product development, operations, sales and marketing, finance management, international business, employee relations and compliance with statutory / regulatory requirements and finally concluded that the board operates effectively and is closely aligned to the culture of the business.

### Directors

The performance of individual directors including all Independent Directors are 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 directors 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.

### Committees

The performance of each committee was evaluated by the board after seeking inputs from its members on the basis of the criteria such as matters assessed against terms of reference, time spent by the committees in considering matters, quality of information received, work of each committee, overall effectiveness and decision making and compliance with the corporate governance requirements and concluded that all the committees continued to function effectively, with full participation by all its members and the members of executive management of the Company.

The board reviewed each committee's terms of reference to ensure that the Company's existing practices remain appropriate. Recommendations from each committee are considered and approved by the board prior to implementation.

## Sundaram-Clayton Limited

### Number of board meetings held

The number of board meetings held during the financial year 2015-16 are provided as part of Corporate Governance Report prepared in terms of the SEBI (LODR) Regulations 2015.

## 10. AUDITORS

### Statutory Auditors

The Company at its AGM held on 21<sup>st</sup> August 2014 appointed M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, having Firm Registration No. 004207S allotted by The Institute of Chartered Accountants of India, as statutory auditors of the Company to hold office, for the transitional period of three consecutive years from the conclusion of the said AGM, subject to ratification at every AGM, at such remuneration in addition to all applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board and the Auditors.

The Auditors' Reports for the financial year 2015-16 does not contain any qualification, reservation or adverse remark and the same is attached with the annual report.

It is therefore proposed to re-appoint them as statutory auditors for the last year in the transitional period of three consecutive years, from the conclusion of this AGM, subject to ratification by the members at the 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 2016-17.

### 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 its engine parts, manufactured by the Company specified under Central Excise 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, subject to the approval of the Central Government, has re-appointed Mr A N Raman, Cost Accountant 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 2016-17.

The Company has also received necessary certificate under Section 141 of the Act 2013 from him conveying his eligibility. A sum of Rs 3.00 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 for the financial year 2016 -17 and is also required to be ratified by the members at the ensuing general meeting as per Section 148(3) of the Act 2013.

### Secretarial Auditor

As per 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 year 2015-16, 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.

Ms B Chandra, Practising Company Secretary, Chennai, was re-appointed as Secretarial Auditors for carrying out the secretarial audit for the financial year 2016-17.

## 11. CORPORATE GOVERNANCE

The Company has been practicing the principles of good 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 SEBI (LODR) Regulations, 2015, forms 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 SEBI (LODR) Regulations 2015 pertaining to CEO/CFO certification for the financial year ended 31<sup>st</sup> March 2016.

## 12. POLICY ON VIGIL MECHANISM

The Company has adopted a Policy on Vigil Mechanism in accordance with the provisions of Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulations 2015, 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 conduct or ethics policy.

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

The policy is disclosed on the Company's website in the following link <http://www.sundaram-clayton.com/Web%20files/Investors/Whistle%20Blower%20Policy.pdf>.

## 13. 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 2016.

## Sundaram-Clayton Limited

### 14. STATUTORY STATEMENTS

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

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo are 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.

#### **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 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 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 related party transactions**

There were 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 Number IX to Notes on accounts for the financial year 2015-16, for details of investments made by the Company.

#### **Other laws**

During the year under review, the Company has not received any complaints of sexual harassment from any of the women employees of the Company in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### 15. 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 Limited.

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

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

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

For and on behalf of the board

Chennai  
12<sup>th</sup> May 2016

venu srinivasan  
Chairman

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

Information pursuant to Section 134(3)(1) of the Companies Act, 2013

### A. CONSERVATION OF ENERGY

#### 1. Measures taken – FY 2015-16

- (i) Air compressor supply system efficiency improved;
- (ii) Provided automatic lid for High Pressure Die Casting (HPDC) holding furnace;
- (iii) Commissioned solar day light system; and
- (iv) Replaced conventional lamps with solar powered Light Emitting Diode (LED) lamps for street lights.

The above measures have resulted in an annual saving of about Rs.0.26 Cr.

#### 2. Proposed measures – FY 2016-17

- (i) Implement solar roof top panel power project;
- (ii) Extend implementation Light Emitting Diode (LED) lights in Shop floor, Offices;
- (iii) Improve compressor efficiency by introducing air boosters and automatic moisture drain system;
- (iv) Provide automatic LID for Gravity Die Casting (GDC) holding furnace; and
- (v) Extend implementation of solar street lamps.

The above measures are expected to yield an annual saving of about Rs.0.30 Cr.

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

During the year 2015-16, the Company has utilized the power generated through wind energy to an extent of 117 lakh units. The Company is planning to continue the utilization of wind energy for the year 2016-17 also.

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

In the year 2015-16, the Company has invested Rs.0.35 Cr towards solar street lights, replacement of conventional lights into LED / Air boosters, as "Energy Efficient" measures.

Company is planning to invest around Rs.0.60 Cr in energy saving in 2016-17 viz., solar power, LED lightings, Blower heaters in heater machines.

### B. TECHNOLOGY ABSORPTION FOR 2015-16

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

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

##### Completed activities:

- (i) Developed special processes to improve surface finish on a specific product;
- (ii) Improved material yield in die casting through design optimization;
- (iii) Developed aluminum parts by additive manufacturing technologies to support customers for prototypes; and
- (iv) Developed 24 new aluminum die cast products for automotive applications.

##### Ongoing activities:

- (i) Establish differential cooling system for HPDC and GDC dies.

##### Future plan of action:

- (i) Develop new process technologies to improve the product quality and performance.
- (ii) Estimate fatigue life for die casting dies using Computer Aided Engineering (CAE) tools.

Data relating to imported technology:

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

Expenditure on R&D - Rs.7.85 Cr

### C. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO

#### 1. Export activities

Export during the year ended 31<sup>st</sup> March 2016 amounted to Rs.546.90 Cr as against Rs. 530.90 Cr for the year ended 31<sup>st</sup> March 2015.

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

a) Foreign exchange used	641.26
b) Foreign exchange earned	573.04

For and on behalf of the board

Chennai  
12<sup>th</sup> May 2016

VENU SRINIVASAN  
Chairman

## Sundaram-Clayton Limited

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

Form No. MGT-9

#### EXTRACT OF ANNUAL RETURN as on the financial year ended on 31<sup>st</sup> March 2016

[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", No.29, Haddows Road, Chennai - 600 006 Tel. : 044 - 2828 4959; 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, No.29 (Old No.8), Haddows Road, Chennai - 600 006 Tel. : 044 - 2828 4959; 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 and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	T V Sundram Iyengar & Sons Private Limited & through its subsidiaries in Sl. No.2 and 3 7-B, West Veli Street, Madurai - 625 001	U34101TN1929PTC002973	Holding Company	Holds 63.76% in the Company	2(46)
2	Sundaram Industries Private Limited 211, South Veli Street, Madurai - 625 016	U65991TN1943PTC002656	Holding Company		
3	Southern Roadways Limited Lakshmi Buildings, Usilampatti Road, Kochadai, Madurai - 625 016	U60221TN1946PLC002582			
4	TVS Motor Company Limited "Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006	L35921TN1992PLC022845	Subsidiary	57.40%	2(87)
5	Sundaram Auto Components Limited "Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006	U29249TN1992PLC051417	Subsidiary	100% held by SI No.4	2(87)
6	TVS Housing Limited "Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006	U70101TN2010PLC075027	Subsidiary	100% held by SI No.4	2(87)

## Sundaram-Clayton Limited

Sl. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
7	PT. TVS Motor Company Indonesia Gedung Wirusaha 3rd Floor, Jalan, H.R. Rasuna Said, Kav. C5, Jakarta 12920	NA	Subsidiary	42.05% by SI No. 4; 22.78% by TVSM Europe; and 35.17% by TVSM Singapore	2(87)
8	TVS Motor Company (Europe) B.V. Claude, Debussylaan 24 1082 MD, Amsterdam	NA	Subsidiary	100% held by SI No.4	2(87)
9	TVS Motor (Singapore) Pte. Limited 17, Phillip Street, # 05-01, Grand Building, Singapore - 048 695	NA	Subsidiary	100% held by SI No.4	2(87)
10	Sundaram Business Development Consulting (Shanghai) Company Limited RM10P 10, 2299 YAN AN Road (West), Shanghai Mart, Shanghai - 200 336	NA	Subsidiary	100% held by SI No.4	2(87)
11	Sundaram-Clayton (USA) Limited, USA 2711, Centerville Road, #400 Wilmington, New Castle - 19808 State of Delaware, USA.	NA	Subsidiary	100%	2(87)
12	Sundaram Holding USA Inc., 2711, Centerville Road, #400 Wilmington, New Castle - 19808 State of Delaware, USA.	NA	Subsidiary	75% held by S.No.5	2(87)
13	Sundram Non-conventional Energy Systems Limited 98-A, VII Floor, Dr. Radhakrishnan Salai, Mylapore, Chennai - 600 004	U40108TN1994PLC029132	Associate	23.53%	2(6)
14	TVS Training and Services Limited "Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006	U74990TN2010PLC075028	Associate	30.53%	2(6)
15	Emerald Haven Realty Limited "Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006	U45200TN2010PLC075953	Associate	49% held by SI No.4	2(6)

### IV. SHARE HOLDING 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 31 <sup>st</sup> March 2015)				No. of Shares held at the end of the year (as on 31 <sup>st</sup> March 2016)				Change in shareholding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>Indian</b>									
- Bodies Corp.	15174060	-	15174060	75.00	15174060	-	15174060	75.00	-
<b>Total Shareholding of Promoter (A)</b>	15174060	-	15174060	75.00	15174060	-	15174060	75.00	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	2463773	-	2463773	12.19	2497337	-	2497337	12.36	0.17
b) Banks / FI	302	-	302	-	560	-	560	-	-
c) Insurance Companies	551977	-	551977	2.73	552638	-	552638	2.73	-
d) FIs	24508	43	24551	0.11	36548	-	36548	0.17	0.06
<b>Sub-total (B)(1)</b>	3040560	43	3040603	15.03	3087083	-	3087083	15.26	0.23

## Sundaram-Clayton Limited

Category of Shareholders	No. of Shares held at the beginning of the year (as on 31 <sup>st</sup> March 2015)				No. of Shares held at the end of the year (as on 31 <sup>st</sup> March 2016)				Change in shareholding during the year
	Demat	Physical	Total	of total shares	Demat	Physical	Total	%of total shares	
<b>2. Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	197292	2491	199783	0.98	175555	2139	177694	0.87	(0.11)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1295530	249302	1544832	7.64	1295478	201104	1496582	7.40	(0.24)
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	238863	-	238863	1.18	262093	-	262093	1.30	0.12
c) Directors and relatives	6622	-	6622	0.03	6622	-	6622	0.03	-
d) Non- Residents Individuals	27189	133	27322	0.14	27818	133	27951	0.14	-
<b>Sub-total (B)(2):</b>	<b>1765496</b>	<b>251926</b>	<b>2017422</b>	<b>9.97</b>	<b>1767566</b>	<b>203376</b>	<b>1970942</b>	<b>9.74</b>	<b>(0.23)</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>4806056</b>	<b>251969</b>	<b>5058025</b>	<b>25.00</b>	<b>4854649</b>	<b>203376</b>	<b>5058025</b>	<b>25.00</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>19980116</b>	<b>251969</b>	<b>20232085</b>	<b>100.00</b>	<b>20028709</b>	<b>203376</b>	<b>20232085</b>	<b>100.00</b>	<b>-</b>

### ii) Shareholding of Promoters

Name of the Promoter	Opening Balance (% of the total share capital)	Date of Dealing	Purchase or Sale	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
T V Sundram Iyengar & Sons Private Limited	38,07,330 (18.82)	-	-	-	-	-	-	38,07,330	18.82
Sundaram Industries Private Limited	60,62,522 (29.96)	-	-	-	-	-	-	60,62,522	29.96
Southern Roadways Limited	30,31,127 (14.98)	-	-	-	-	-	-	30,31,127	14.98
Sundaram Finance Limited	22,73,081 (11.24)	-	-	-	-	-	-	22,73,081	11.24

iii) There is no change in Promoters' Shareholding during the year 2015-16.

### iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Opening Balance (% of total shares of the Company)	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>RELIANCE CAPITAL TRUSTEE CO. LTD</b>								
1,000,326 (4.94)	01-04-2015	Opening Balance						
	10-04-2015	Transfer / Purchase	1,550	0.01	1,001,876	4.95		
	01-05-2015	Transfer / Purchase	2,520	0.01	1,004,396	4.96		
	08-05-2015	Transfer / Purchase	1,760	0.01	1,006,156	4.97		
	14-05-2015	Transfer / Purchase	900	0.00	1,007,056	4.98		
	03-07-2015	Transfer / Purchase	255	0.00	1,007,311	5.03		
	10-07-2015	Transfer / Purchase	10,600	0.05	1,017,911	4.98		
	10-07-2015	Transfer / Sale	10,600	0.05	1,007,311	4.98		
21-08-2015	Transfer / Purchase	500	0.00	1,007,811	4.98			



## Sundaram-Clayton Limited

Opening Balance (% of total shares of the Company)	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
	28-08-2015	Transfer / Purchase	1,750	0.01	1,009,561	4.99		
	28-08-2015	Transfer / Purchase	2,500	0.01	1,012,061	5.00		
	04-09-2015	Transfer / Purchase	2,150	0.01	1,014,211	5.01		
	11-09-2015	Transfer / Purchase	500	0.00	1,014,711	5.02		
	18-09-2015	Transfer / Purchase	30	0.00	1,014,741	5.02		
	25-09-2015	Transfer / Purchase	745	0.00	1,015,486	5.02		
	09-10-2015	Transfer / Purchase	375	0.00	1,015,861	5.02		
	06-11-2015	Transfer / Purchase	1,750	0.01	1,017,611	5.03		
	06-11-2015	Transfer / Purchase	150	0.00	1,017,761	5.03		
	13-11-2015	Transfer / Purchase	1,904	0.01	1,019,665	5.04		
	20-11-2015	Transfer / Purchase	2,698	0.01	1,022,363	5.05		
	08-01-2016	Transfer / Purchase	684	0.00	1,023,047	5.06		
	08-01-2016	Transfer / Purchase	411	0.00	1,023,458	5.06		
	22-01-2016	Transfer / Purchase	630	0.00	1,024,088	5.06		
	05-02-2016	Transfer / Purchase	356	0.00	1,024,444	5.06		
	05-02-2016	Transfer / Purchase	800	0.00	1,025,244	5.07		
	12-02-2016	Transfer / Purchase	1,000	0.00	1,026,244	5.07		
	17-02-2016	Transfer / Purchase	2,574	0.01	1,028,818	5.09		
	26-02-2016	Transfer / Purchase	2,195	0.01	1,031,013	5.10		
	04-03-2016	Transfer / Purchase	1,025	0.01	1,032,038	5.10		
	25-03-2016	Transfer / Purchase	300	0.00	1,032,338	5.10		
	31-03-2016	Closing Balance					1,032,338	5.10
<b>BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED</b>								
695,418 (3.44)	01-04-2015	Opening Balance						
	10-04-2015	Transfer / Purchase	3047	0.02	698,465	3.45		
	10-04-2015	Transfer / Sale	1047	0.01	697,418	3.45		
	24-04-2015	Transfer / Purchase	1000	0.00	698,418	3.45		
	24-04-2015	Transfer / Purchase	1000	0.00	699,418	3.46		
	01-05-2015	Transfer / Purchase	475	0.00	699,893	3.46		
	01-05-2015	Transfer / Purchase	925	0.00	700,818	3.46		
	14-05-2015	Transfer / Purchase	100	0.00	700,918	3.46		
	14-05-2015	Transfer / Purchase	1250	0.01	702,168	3.47		
	15-05-2015	Transfer / Purchase	450	0.00	702,618	3.47		
	22-05-2015	Transfer / Purchase	1320	0.01	703,938	3.48		
	22-05-2015	Transfer / Sale	91	0.00	703,847	3.48		
	22-05-2015	Transfer / Purchase	1950	0.01	705,797	3.49		
	29-05-2015	Transfer / Purchase	630	0.00	706,427	3.49		
	29-05-2015	Transfer / Purchase	4373	0.02	710,800	3.51		
	05-06-2015	Transfer / Purchase	405	0.00	711,205	3.52		
	05-06-2015	Transfer / Purchase	1755	0.01	712,960	3.52		
	12-06-2015	Transfer / Purchase	360	0.00	713,320	3.53		
	12-06-2015	Transfer / Purchase	540	0.00	713,860	3.53		
	19-06-2015	Transfer / Purchase	360	0.00	714,220	3.53		
	19-06-2015	Transfer / Purchase	540	0.00	714,760	3.53		

## Sundaram-Clayton Limited

Opening Balance (% of total shares of the Company)	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
	26-06-2015	Transfer / Purchase	360	0.00	715,120	3.53		
	26-06-2015	Transfer / Purchase	1035	0.01	716,155	3.54		
	30-06-2015	Transfer / Purchase	90	0.00	716,245	3.54		
	30-06-2015	Transfer / Purchase	810	0.00	717,055	3.54		
	03-07-2015	Transfer / Purchase	225	0.00	717,280	3.55		
	03-07-2015	Transfer / Purchase	855	0.00	718,135	3.55		
	10-07-2015	Transfer / Purchase	234	0.00	718,369	3.55		
	10-07-2015	Transfer / Purchase	91	0.00	718,460	3.55		
	10-07-2015	Transfer / Purchase	1386	0.01	719,846	3.56		
	17-07-2015	Transfer / Purchase	630	0.00	720,476	3.56		
	17-07-2015	Transfer / Purchase	1800	0.01	722,276	3.57		
	24-07-2015	Transfer / Purchase	720	0.00	722,996	3.57		
	24-07-2015	Transfer / Purchase	2070	0.01	725,066	3.58		
	31-07-2015	Transfer / Purchase	630	0.00	725,696	3.59		
	31-07-2015	Transfer / Purchase	630	0.00	726,326	3.59		
	07-08-2015	Transfer / Purchase	180	0.00	726,506	3.59		
	07-08-2015	Transfer / Purchase	1098	0.01	727,604	3.60		
	13-08-2015	Transfer / Purchase	270	0.00	727,874	3.60		
	13-08-2015	Transfer / Purchase	180	0.00	728,054	3.60		
	14-08-2015	Transfer / Purchase	90	0.00	728,144	3.60		
	14-08-2015	Transfer / Purchase	90	0.00	728,234	3.60		
	21-08-2015	Transfer / Purchase	450	0.00	728,684	3.60		
	21-08-2015	Transfer / Purchase	630	0.00	729,314	3.60		
	28-08-2015	Transfer / Purchase	189	0.00	729,503	3.61		
	28-08-2015	Transfer / Purchase	54	0.00	729,557	3.61		
	04-09-2015	Transfer / Purchase	90	0.00	729,647	3.61		
	11-09-2015	Transfer / Purchase	45	0.00	729,692	3.61		
	11-09-2015	Transfer / Purchase	20	0.00	729,712	3.61		
	30-09-2015	Transfer / Purchase	315	0.00	730,027	3.61		
	09-10-2015	Transfer / Purchase	315	0.00	730,342	3.61		
	16-10-2015	Transfer / Purchase	209	0.00	730,551	3.61		
	23-10-2015	Transfer / Purchase	360	0.00	730,911	3.61		
	30-10-2015	Transfer / Purchase	1520	0.01	732,431	3.62		
	30-10-2015	Transfer / Purchase	33	0.00	732,464	3.62		
	30-10-2015	Transfer / Purchase	2520	0.01	734,984	3.63		
	06-11-2015	Transfer / Purchase	270	0.00	735,254	3.63		
	06-11-2015	Transfer / Purchase	630	0.00	735,884	3.64		
	13-11-2015	Transfer / Purchase	270	0.00	736,154	3.64		
	13-11-2015	Transfer / Purchase	1080	0.01	737,234	3.64		
	20-11-2015	Transfer / Purchase	216	0.00	737,450	3.64		
	20-11-2015	Transfer / Purchase	108	0.00	737,558	3.65		
	27-11-2015	Transfer / Purchase	63	0.00	737,621	3.65		
	18-12-2015	Transfer / Purchase	234	0.00	737,855	3.65		
	18-12-2015	Transfer / Sale	228	0.00	737,627	3.65		

## Sundaram-Clayton Limited

Opening Balance (% of total shares of the Company)	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
	08-01-2016	Transfer / Purchase	279	0.00	737,906	3.65		
	15-01-2016	Transfer / Purchase	940	0.00	738,846	3.65		
	22-01-2016	Transfer / Purchase	876	0.00	739,722	3.66		
	29-01-2016	Transfer / Purchase	594	0.00	740,316	3.66		
	05-02-2016	Transfer / Purchase	297	0.00	740,613	3.66		
	05-02-2016	Transfer / Sale	289	0.00	740,324	3.66		
	12-02-2016	Transfer / Purchase	681	0.00	741,005	3.66		
	04-03-2016	Transfer / Purchase	468	0.00	741,473	3.66		
	11-03-2016	Transfer / Purchase	1278	0.01	742,751	3.67		
	18-03-2016	Transfer / Purchase	1206	0.01	743,957	3.68		
	22-03-2016	Transfer / Purchase	270	0.00	744,227	3.68		
	25-03-2016	Transfer / Purchase	81	0.00	744,308	3.68		
	31-03-2016	Transfer / Purchase	432	0.00	744,740	3.68		
	31-03-2016	Closing Balance					744,740	3.68
<b>ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD</b>								
551,847 (2.73)	01-04-2015	Opening Balance						
	26-02-2016	Transfer / Purchase	453	0.00	552,300			
	31-03-2016	Closing Balance					552,300	2.73
<b>SUNDARAM MUTUAL FUND</b>								
432,856 (2.14)	01-04-2015	Opening Balance						
	14-05-2015	Transfer / Purchase	33,000	0.16	465,856	2.30		
	22-05-2015	Transfer / Sale	1,104	0.01	464,752	2.30		
	29-05-2015	Transfer / Sale	2,761	0.01	461,991	2.28		
	05-06-2015	Transfer / Sale	2,490	0.01	459,501	2.27		
	03-07-2015	Transfer / Sale	370	0.00	459,131	2.27		
	10-07-2015	Transfer / Sale	2,766	0.01	456,365	2.26		
	17-07-2015	Transfer / Sale	1,058	0.01	455,307	2.25		
	24-07-2015	Transfer / Sale	1,869	0.01	453,438	2.24		
	31-07-2015	Transfer / Sale	2,981	0.01	450,457	2.23		
	07-08-2015	Transfer / Sale	505	0.00	449,952	2.22		
	13-08-2015	Transfer / Sale	1,952	0.01	448,000	2.21		
	21-08-2015	Transfer / Sale	1,967	0.01	446,033	2.20		
	04-12-2015	Transfer / Sale	734	0.00	445,299	2.20		
	31-03-2016	Closing Balance					445,299	2.20
<b>SBI MAGNUM BALANCED FUND</b>								
253,960 (1.26)	01-04-2015	Opening Balance						
	31-03-2016	Closing Balance					253,960	1.26
<b>MANSAN INVESTMENTS PRIVATE LIMITED</b>								
95,596 (0.47)	01-04-2015	Opening Balance						
	31-03-2016	Closing Balance					95,596	0.47
<b>NAROTAM S. SEKHSARIA</b>								
78,000 (0.39)	01-04-2015	Opening Balance						
	31-03-2016	Closing Balance					78,000	0.39
<b>CHINMAY G. PARIKH</b>								
51,766 (0.26)	01-04-2015	Opening Balance						
	07-08-2015	Transfer / sale	193	0.00	46,573	0.23		
	31-03-2016	Closing Balance					46,573	0.23

## Sundaram-Clayton Limited

Opening Balance (% of total shares of the Company)	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>NEEPA K SHAH &amp; KAMLESH N SHAH</b>								
44,572 (0.22)	01-04-2015	Opening Balance						
	31-03-2016	Closing Balance					44,572	0.22
<b>VIJAYA SRINIVASAN</b>								
43,510 (0.22)	01-04-2015	Opening Balance						
	31-03-2016	Closing Balance					43,510	0.22

v) Shareholding of Directors and Key Managerial Personnel:

Name of the Director / KMP (M/s.)	Opening Balance (% of the total share capital)	Date of Dealing	Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative	Closing Balance	Name of the Director / KMP (M/s.)	Opening Balance (% of the to total share Capital)
Venu Srinivasan	Nil	-	-	-	-	-	-	Nil	-
Dr Lakshmi Venu	Nil	-	-	-	-	-	-	Nil	-
Sudarshan Venu	Nil	-	-	-	-	-	-	Nil	-
K Mahesh	123	-	-	-	-	-	-	123	-
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	-
Suresh Kumar Sharma (*)	Nil	-	-	-	-	-	-	Nil	-
R Vijayaraghavan	Nil	-	-	-	-	-	-	Nil	-
Kamlesh Gandhi	Nil	-	-	-	-	-	-	Nil	-
C N Prasad	Nil	-	-	-	-	-	-	Nil	-
V N Venkatanathan	Nil	-	-	-	-	-	-	Nil	-
R Raja Prakash	Nil	-	-	-	-	-	-	Nil	-

(\*) Ceased to be a director of the Company effective 23<sup>rd</sup> March 2016

## V. INDEBTEDNESS

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

(Rs. in Cr)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>			
i) Principal Amount	295.37	82.87	378.24
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	2.87	0.92	3.79
<b>Total</b>	<b>298.24</b>	<b>83.79</b>	<b>382.03</b>
<b>Change in Indebtedness during the financial year</b>			
- Addition	-	33.54	33.54
- Reduction	43.88	-	43.88
<b>Net Change</b>	<b>(43.88)</b>	<b>33.54</b>	<b>(10.34)</b>
<b>Indebtedness at the end of the financial year</b>			
i) Principal Amount	252.84	116.90	369.74
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	1.52	0.43	1.95
<b>Total</b>	<b>254.36</b>	<b>117.33</b>	<b>371.69</b>

## Sundaram-Clayton Limited

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

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount
		Mr Venu Srinivsan CMD	Dr. Lakshmi Venu JMD	Mr Sudarshan Venu JMD	
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	27.14	179.44	43.68	250.26
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	4.00	0.40	0.11	4.51
	(c) Profits in lieu of salary under Section 17(3) of Income tax Act, 1961	4.50	4.99	–	9.49
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	- as % of profit	–	378.04	–	378.04
	- others, specify	–	–	–	–
5.	Others, please specify	–	–	–	–
	<b>Total (A)</b>	<b>35.64</b>	<b>562.87</b>	<b>43.79</b>	<b>642.30</b>
	Overall ceiling as per the Act				1549.97

B. Remuneration to other directors: (Rs. in lakhs)

Particulars of Remuneration	Name of Directors						Total Amount
	PJJ	VSN	SSK	SKS	RV	KG	
Independent Directors							
Fee for attending board / committee meetings	1.00	0.92	1.22	0.10	0.72	0.37	4.33
Commission	12.00	12.00	12.00	9.00	9.00	9.00	63.00
Others, please specify	–	–	–	–	–	–	–
<b>Total (1)</b>	<b>13.00</b>	<b>12.92</b>	<b>13.22</b>	<b>9.10</b>	<b>9.72</b>	<b>9.37</b>	<b>67.33</b>
Name of Directors							
	KM	GS	TKB				
Other Non-Executive Directors							
Fee for attending board / committee meetings	0.20	0.37	0.30				
Commission	–	–	–				
Others, please specify	–	–	–				
<b>Total (2)</b>	<b>0.20</b>	<b>0.37</b>	<b>0.30</b>				<b>0.87</b>
<b>Total (B) = (1) + (2)</b>							<b>68.20</b>
<b>Total Managerial Remuneration (A) + (B)</b>							<b>712.65</b>
Overall Ceiling as per the Act							1704.97

PJJ - Vice Admiral P J Jacob (Retd.); VSN - Mr V Subramanian; SSK - Mr S Santhanakrishnan; SKS - Mr Suresh Kumar Sharma; RV - Mr R Vijayaraghavan; KG - Mr Kamlesh Gandhi; KM- Mr K Mahesh; GS - Mr Gopal Srinivasan; TKB - Mr T K Balaji.

C. Remuneration to Key Managerial Personnel other than MD/ Manager / WTD (Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	CFO	CS	
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	248.90	192.25	35.75	476.90
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	5.32	3.74	0.62	9.68
	(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, specify	–	–	–	–
5.	Others, please specify	–	–	–	–
	<b>Total</b>	<b>254.22</b>	<b>195.99</b>	<b>36.37</b>	<b>486.58</b>

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

## Sundaram-Clayton Limited

### 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.sundaramclayton.com/Web%20files/Investors/CSR%20Policy%20SCL.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 (Retd.)	Independent Director	Member

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

Rs. 23.22 Cr

6. Prescribed CSR Expenditure (2% of the amount as in item 5 above)

Rs. 46.43 Lacs

7. Details of CSR spent during the financial year

- (a) Total amount to be spent for the financial year Rs. 47.00 Lacs
- (b) Amount unspent, if any Not Applicable
- (c) Manner in which the amount spent during the financial year is detailed below.

1	Name of the Implementing Agency	Srinivasan Services Trust Jayalakshmi Estates, No. 29, Haddows Road Chennai - 600 006 Tamil Nadu
2	CSR Project or activity identified as mentioned in Schedule VII to the Companies Act, 2013	<p>a. Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water;</p> <p>b. Promotion of Education, including special education and employment enhancing vocation skills especially among children, women and livelihood enhancement projects;</p> <p>c. Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups;</p>

		d. ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water;
		e. rural development projects
3	Sector in which the Project is covered	Economic Development, Health care, Quality education, Environment and Infrastructure
4	Areas in which Projects / Programmes undertaken:	<ul style="list-style-type: none"> <li>• Hosur, Padavedu, Thirukkurgudi, Navatirupati and Javadhu Hills, Tamilnadu</li> <li>• Mysore and Chamrajanagar, Karnataka</li> <li>• Himachal Pradesh</li> <li>• Venkatagiri, Andhra Pradesh</li> </ul>
	Local Area / Others:	
	State & district :	
		<ul style="list-style-type: none"> <li>- Tamil Nadu : Krishnagiri, Tiruvannamalai, Tirunelveli and Thoothukudi districts</li> <li>- Karnataka : Mysore, Bangalore Urban and Chamrajanagar districts</li> <li>- Himachal Pradesh : Solan district</li> <li>- Andhra Pradesh - Nellore</li> </ul>
	Amount outlay (budget) project or program-wise:	Rs.600.00 lakhs
5	Amount spent on the projects or programmes:	Rs.586.48 lakhs
6	Sub-heads:	
	Direct expenses On projects / programs:	Rs.559.02 Lakhs (including contribution of the Company of Rs.47 lakhs)
	Overheads:	Nil
7	Cumulative expenditure upto the reporting period:	Rs.586.48 lakhs (including contribution of the Company of Rs.47 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 SST is doing service."

For and on behalf of the board

Chennai  
12<sup>th</sup> May 2016

VENU SRINIVASAN  
Chairman and Managing Director and  
Chairman of CSR Committee

**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**

**Disclosures**

Sl. No.	Name of the Director (M/s.)	Designation	Ratio to Median Remuneration	% increase in remuneration
1	Venu Srinivasan	CMD	1:7	Nil
	Dr Lakshmi Venu	JMD	1:113	64
	Sudarshan Venu	JMD	1:10	Nil
	K Mahesh	NENI	NA	NA
	Gopal Srinivasan		NA	NA
	T K Balaji		NA	NA
	Vice Admiral P J Jacob (Retd.)	NEID	1:3	20
	V Subramanian		1:3	20
	S Santhanakrishnan		1:3	20
	Suresh Kumar Sharma		1:2	20
	R Vijayaraghavan		1:2	20
	Kamlesh Gandhi		1:2	20
	C N Prasad	Gr Pres & CEO	NA	14
	V N Venkatanathan	CFO	NA	9
	R Raja Prakash	CS	NA	22
2	The percentage increase in the median remuneration of employees in the financial year;		8.81%	
3	The number of permanent employees on the rolls of company;		2255	
4	The explanation on the relationship between average increase in remuneration and company performance;	Company Performance - EBITDA increase	33%	
		Average increase in remuneration	15%	
5	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company;	Designation	% increase in Remuneration	Company Performance (EBITDA)
	Venu Srinivasan	CMD	Nil	33%
	Dr Lakshmi Venu	JMD	64	
	Sudarshan Venu	JMD	Nil	
	C N Prasad	Gr Pres & CEO	14	
	V N Venkatanathan	CFO	9	
	R Raja Prakash	CS	22	
	Total		31	

## Sundaram-Clayton Limited

6	Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year; and	Details as on 31 <sup>st</sup> March		2014-15	2015-16	Increase
		No. of Shares		2,02,32,085	2,02,32,085	-
		Share Price (In Rs.)	BSE	1,837.75	2,099.75	14 %
			NSE	1,857.85	2,147.55	16 %
		EPS		35.19	69	96 %
		PE Ratio (based on audited results) - No. of times		53	31	(22 times)
		Company's Market Cap (BSE Price)		3,718 Cr	4,248 Cr	14%
Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies;	Details	Stock Exchange	Share price at the Last Public Offer (in Rs.)	Share price as at 31 <sup>st</sup> March 2016 (in Rs.)	Increase	
	Issue of shares on preferential basis to QIBs in order to comply with minimum public shareholding	BSE	293	2,099.75	617 %	
		NSE		2,147.55	633 %	
7	(a) Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2015-16				14%	
	(b) Average percentile increase in the managerial remuneration in the financial year 2015-16				49%	
	There are no exceptional circumstances for increase in the managerial remuneration.					
8	The key parameters for any variable component of remuneration availed by the directors;		Every year, the board fixes the Commission payable to JMD and Independent Directors within the statutory limit as approved by the members. There is no variable component of remuneration payable to Independent directors.			
9	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and		NOT APPLICABLE			
10	Affirmation that the remuneration is as per the remuneration policy of the Company.		Remuneration paid during the year 2015-16 is as per the Remuneration Policy of the Company			

CMD : Chairman & Managing Director; JMD : Joint Managing Director; NE-ID : Non Executive - Independent director; NE-NI : Non Executive - Non-Independent director; Gr Pres & CEO : Group President and Chief Executive Officer; CFO : Chief Financial Officer; CS : Company Secretary



## Report on Corporate Governance

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

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

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

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

### 2. Board of Directors

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

#### 2.1 Composition and category of directors:

As on 31<sup>st</sup> March 2016 the total strength of the board is eleven. Since the Company has an executive chairman viz., Mr Venu Srinivasan who is the chairman and managing director, the board is required, in terms of Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations), to have fifty per cent of its directors as independent directors and at least one woman director.

Mr. Suresh Kumar Sharma, an independent director of the Company, ceased to be a director of the Company with effect from 23<sup>rd</sup> March 2016, due to his sad demise. The Company is in the process of appointing an independent director, within the prescribed statutory time limit.

The board has five non-executive independent directors (NE-ID) viz., M/s Vice Admiral P J Jacob, S Santhanakrishnan, V Subramanian, R Vijayaraghavan and Kamlesh Gandhi and three non-executive non-independent directors (NE-NID), namely, M/s. K Mahesh, T K Balaji and Gopal Srinivasan.

Mr Venu Srinivasan, chairman and managing director, Dr Lakshmi Venu and Mr Sudarshan Venu, joint managing directors are the executive and non-independent directors. Thus, the composition of the Company's board is in conformity with SEBI (LODR) Regulations.

All the existing NE-IDs are not liable to retire by rotation and 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 and none of them serves as NE-ID in more than seven listed companies.

#### 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.

The Companies Act 2013 (the Act 2013) read with the relevant rules made thereunder, now facilitates the participation of a director in the board/ committee meetings through video conferencing or other audio visual means. Accordingly, the option to participate in the meetings through video conferencing was made available for the directors.

The Company regularly places before the board for its review, the information as required under Part A of Schedule II to SEBI (LODR) 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 just below the level of 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 back ground materials, wherever necessary, are circulated well in advance to the committee / board, to enable them for making value addition as well as exercising their business judgment in the committee / board meetings.

Presentations are also being made by the business heads on the Company's operations, Marketing Strategy, Risk Management, Internal Financial Control, etc., in board / audit committee meetings.

During the year 2015-16, the board met five times on 8<sup>th</sup> May 2015, 4<sup>th</sup> August 2015, 5<sup>th</sup> November 2015, 9<sup>th</sup> February 2016 and 14<sup>th</sup> March 2016 and the gap between two meetings did not exceed one hundred and twenty days. Besides, the NE-IDs held a separate meeting, as per the applicable provisions of the Act 2013 and Regulation 25(3) of SEBI (LODR) Regulations.

## Sundaram-Clayton Limited

### 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 2015 and also the numbers of other directorships and committee memberships / chairmanships as on 31<sup>st</sup> March 2016 are as follows:

Name of the Director / DIN (M/s.)	Category	Attendance particulars		Number of other directorships and committee memberships / chairmanships		
		Board meeting	Last AGM	Other directorships*	Committee memberships**	Committee chairmanships
Venu Srinivasan (DIN 00051523)	CMD	5	Yes	11	4	–
Dr. Lakshmi Venu (DIN 02702020)	JMD	5	Yes	6	–	–
Sudarshan Venu (DIN 03601690)	JMD	4	Yes	2	1	–
Gopal Srinivasan (DIN 00177699)	NE-NID	3	Yes	10	–	–
K Mahesh (DIN 00051438)	NE-NID	2	No	5	–	–
T K Balaji (DIN 00002010)	NE-NID	2	Yes	13	2	1
Vice Admiral P J Jacob (Retd.) (DIN 00173785)	NE-ID	5	Yes	1	–	–
V Subramanian (DIN 00357727)	NE-ID	5	Yes	8	3	–
Suresh Kumar Sharma (\$) (DIN 00599139)	NE-ID	1	No	–	–	–
S Santhanakrishnan (DIN 00005069)	NE-ID	5	Yes	7	5	–
R Vijayaraghavan (DIN 00026763)	NE-ID	4	Yes	8	6	3
Kamlesh Gandhi (DIN 00004969)	NE-ID	4	Yes	4	3	2

\* includes private companies and companies incorporated outside India. CMD : Chairman & Managing Director

\*\* includes committees where the director holds the position of chairman. JMD : Joint Managing Director

\$ Mr Suresh Kumar Sharma, Non-Executive Independent Director expired on 23/03/2016. NE-NID: Non Executive - Non-Independent director  
NE-ID : Non Executive - Independent director

None of the directors on the board is a member of more than ten committees or chairman of more than five committees across all the companies in which they are directors. Chairmanships / memberships of committees include only audit and stakeholders relationship committees as covered under Regulation 26 of SEBI LODR Regulations, as per the disclosures made by the directors. CMD, JMDs and Mr Gopal Srinivasan are related to each other. None of the other directors on the board is related to any other director on the board.

### 2.4 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 SEBI LODR 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 audit committee / board. The board also reviews the declarations made by the chairman and managing director and the company secretary regarding compliance of all applicable laws on a quarterly basis.

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

### 2.5 Familiarization program

A familiarization program is made available to directors covering such topics as the board's role, board composition and conduct

and the risks and responsibilities of the Company directors, 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/Web%20files/Investors/SCL%20-%20ID%20Familiarisation%20Prog.pdf>.

### 2.6 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://sundaram-clayton.com/Web%20files/Investors/Code%20of%20Business%20Conduct%20and%20Ethics.pdf>.

## Sundaram-Clayton Limited

All the members of the board and senior management personnel have confirmed compliance with the Code for the year ended 31<sup>st</sup> March 2016. The annual report contains a declaration to this effect signed by the chairman and managing director.

### 2.7 Appointment / Re-appointment of directors:

In terms of Regulation 36(3) of SEBI LODR Regulations, a brief resume of directors, proposed to be 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 the ensuing AGM of the Company.

### 2.8 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, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and 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 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 to be included in the Board's report 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 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 and 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 a failure of internal control systems of a material nature and reporting the matter to the board;
  - 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 (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background of the candidate; and
  - r. 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 SEBI (LODR) Regulations.

## Sundaram-Clayton Limited

The subjects reviewed and recommended in the meetings of the Audit Committee were appraised to the board by the Chairman of the Audit 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 2016, the Audit Committee consists of the following non-executive independent and non-independent directors:

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

Vice Admiral P J Jacob (Retd.), Chairman of the Audit Committee and Mr R Raja Prakash, Company Secretary acts as the secretary of the Audit Committee.

Vice Admiral P J Jacob (Retd.), Chairman of the Audit Committee was present at the last AGM held on 20<sup>th</sup> August 2015.

The composition of the Committee is in accordance with the requirements of Regulation 18 of SEBI LODR Regulations read with Section 177 of the Act 2013.

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

Date of the meeting	Members present (M/s.)
07.05.2015	Vice Admiral P J Jacob (Retd), V Subramanian and S Santhanakrishnan
04.08.2015	
04.11.2015	
09.02.2016	

## 4. Subsidiary Companies

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

### Material Subsidiaries Policy:

The board has duly formulated a policy for determining 'material subsidiaries'. A subsidiary is to be considered as "a material subsidiary", if the investment in the subsidiary by the Company exceeds 20% of its "consolidated network" or if it has generated 20% or more of its "consolidated income" of the Company during the previous financial year. Hence, based on this criteria, the Company does not have any material subsidiary as on date.

A copy of the said policy is available in the Company's website in the following link: <http://www.sundaram-clayton.com/Web%20files/Investors/Material%20Subsidiary%20Policy.pdf>.

## 5. Disclosures

### 5.1 Materially significant related party transactions:

All transactions entered into with Related Parties, as defined under the Act 2013 and SEBI (LODR) Regulations during the financial year 2015-16 were in the ordinary course of business and on an arm's length pricing 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 of the Company and that require an approval of the Company in terms of the provision of Section 188 of the Act 2013 and the Rules made thereunder and also the SEBI (LODR) Regulations.

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

### 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 SEBI (LODR) Regulations, to ensure that the terms of such RPTs would reasonably be expected of transactions negotiated or at arm's length. The audit committee meets prior to each scheduled board meeting to review all RPTs of the Company on a quarterly basis.

The board at its meeting held on 12<sup>th</sup> May 2016, approved the terms of reference to the audit committee for considering the criteria for granting omnibus approval for related party transactions on an annual basis in compliance with Rule 6A of Companies (Meetings of Board and its Powers) Rules, 2014, as amended.

Copy of the said policy is available on the Company's website with the following link: <http://www.sundaram-clayton.com/Web%20files/Investors/Related%20Party%20Transaction%20Policy.pdf>.

### 5.2 Disclosure of accounting treatment:

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

The Central Government has issued a notification on 29<sup>th</sup> December, 2011 amending the existing AS11 relating to 'The effects of changes in foreign exchange rates' and the same extended upto 31<sup>st</sup> March, 2020. By this amendment, companies are permitted to add / deduct from the carrying cost of depreciable assets, exchange differences arising out of exchange rate fluctuations with corresponding adjustments in general reserves and provision for depreciation. In order to give effect to the aforesaid amendment, companies are required to

exercise their option in this regard. The option once exercised is irrevocable.

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

### 5.3 Risk Management:

The Board has established a Risk Management Policy which formalizes Company's 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 Senior 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. Company's audit committee reviews reports given by members of the management team and recommends suitable action.

The Company has constituted a Risk Mitigation Committee including the Chief Executive Officer and the Chief Financial Officer of the Company. The Committee meets periodically to review the risk management and mitigation plans. The Company's policy on Risk Management has been discussed in detail in the director's report.

### 5.4 Instances of non-compliances, if any:

There were no instance of non-compliances by the Company, 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, except a show cause notice received by the Company from Securities and Exchange Board of India (SEBI) vide its interim order dated 4<sup>th</sup> June 2013 and subsequently revoked on 4<sup>th</sup> September 2013 as detailed below:

As reported in the last two years, the following statement is being given for the third year.

In terms of the continuous listing requirements, every listed company (Other than Public Sector Company) were required to maintain the Minimum Public Shareholding requirements (MPS) of at least 25 percent.

Any listed Company, which has public shareholding below 25 percent on the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010 ("SCRA"), was directed to increase its public shareholding to atleast 25 percent, within

a period of 3 years from the date of such commencement, in the manner specified by SEBI i.e., by 3<sup>rd</sup> June 2013.

The Company, being a Listed Company, was also required to comply with the MPS, to increase its public shareholding from 20% to 25% as per the requirements of SCRA.

In order to become MPS compliant, the board of directors of the Company approved further issue of shares on preferential basis to Qualified Institutional Buyers (QIBs) pursuant to Section 81(1A) of the Companies Act, 1956 on 8<sup>th</sup> February 2013 and the shareholders consequently approved the same on 20<sup>th</sup> March 2013 through Postal Ballot.

Subsequent to these approvals, (i) the Company issued and allotted 12,64,501 equity shares at Rs.293/- per share (face value per share - Rs.5/-, premium per share - Rs.288/-) on 11<sup>th</sup> July 2013 to the Qualified Institutional Buyers (QIBs) on a preferential basis, in terms of Section 81(1A) of the Companies Act, 1956 and Chapter VIII-A of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended; and (ii) one of the Promoters of the Company, also divested 4 equity shares for meeting the MPS requirements. Consequently, the public shareholding increased to 25 per cent, as mandated by SEBI.

As aforesaid, after the issue and sale of shares, the Company achieved the MPS requirements of 25% effective 12<sup>th</sup> July 2013 and the shareholding of the promoter group got reduced to 75 per cent.

The new shares commenced trading on the Stock Exchanges effective 15<sup>th</sup> July 2013.

As the 'public shareholding' was not achieved by the Company on or before 3<sup>rd</sup> June 2013, SEBI issued certain directions vide its Order dated 4<sup>th</sup> June 2013 to all non-compliant companies.

Upon achieving compliance by the Company effective 12<sup>th</sup> July 2013, SEBI, subsequently, vide its order dated 4<sup>th</sup> September 2013, removed / revoked all its earlier restrictions imposed on the Company and advised the Company to ensure compliance with all the applicable laws and regulations in letter and spirit.

### 5.5 Disclosure by senior management personnel:

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

### 5.6 CEO and CFO Certification:

The chairman and managing director (CEO) and the chief financial officer (CFO) of the Company have certified to the board on financial and other matters in accordance with Regulation 33 of the SEBI (LODR) Regulations pertaining to CEO / CFO certification for the financial year ended 31<sup>st</sup> March 2016.

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

The Company has complied with all applicable mandatory requirements in terms of SEBI (LODR) 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.

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

In compliance with the SEBI (Prohibition of Insider Trading) Regulations 2015, the Company has a comprehensive Code of conduct for prevention of insider trading and the same is being strictly adhered to by the directors, senior management personnel and other persons covered by this Code.

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

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

The Company has also formulated a Code of Practices and Procedures for fair disclosure of "Unpublished Price Sensitive Information" (UPSI) and a Code of Conduct to regulate, monitor and report trading by insiders in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations 2015, effective 15<sup>th</sup> May, 2015.

**5.9 Management discussion and analysis report, familiarization programme and whistle blower policy:**

All the above report / policies form part of the directors' report.

**6. Nomination and Remuneration Committee (NRC)**

**6.1 Composition of the Committee:**

As at 31<sup>st</sup> March 2016, the NRC consists of the following non-executive independent directors as its members:

Name of the directors - (M/s.)	Status
Vice Admiral P J Jacob (Retd) R Vijayaraghavan V Subramanian	Non-Executive Independent directors

Vice Admiral P J Jacob (Retd.) is the Chairman of the NRC.

Mr R Raja Prakash, Company Secretary acts as the secretary of the Committee.

Vice Admiral P J Jacob (Retd.) Chairman of the Committee was present at the last annual general meeting held on 20<sup>th</sup> August 2015.

**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 (KMP) 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 among the employees and ensuring long term sustainability of talented SMPs by creation of competitive advantage through a structured talent review.

**6.3 The role / scope of the 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).
- To identify persons who are qualified to become director(s), KMP and SMP of the Company.
- To recommend to the board for appointment / removal of director(s), KMP and SMP of the Company.
- To formulate criteria for determining qualification, positive attributes and independence of a director.
- To recommend to the board a policy for remuneration of director(s), KMP and SMP of the Company.

**6.4 Evaluation Criteria**

The NRC laid down the evaluation criteria for evaluating the performance of every director, committees of the board and the board as a whole and also the performance of KMP and SMP.

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.

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 sub-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

## Sundaram-Clayton Limited

undertaken based on the criteria for all the SMPs for 2015-16 and this has been in accordance with the above process.

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

### 6.5 Remuneration Policy

The 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.

#### Executive director(s)

The NRC will determine the remuneration payable to the executive director(s) and recommend to the board for its approval. The board's approval shall be subject to the prior approval or post approval ratification of the shareholders of the Company and / or Central Government, if required under applicable laws. The remuneration payable to the executive chairman, managing director and whole-time director of the Company shall be in accordance with the applicable percentage(s) / slab(s) / condition(s) as set out in (i) the articles of association of the Company and (ii) the Act 2013 and any rules made thereunder, which may be in force, from time to time.

Where the Company is required to avail any insurance on behalf of its Executive Director(s) for indemnifying them against any liability(ies), the same shall be availed by the board and premium payable on such insurance shall not be treated as part of the remuneration payable by the Company to any such personnel. However, in the event that such executive director is proved guilty resulting in an insurance claim against the Company, any premium paid on such insurance shall be treated as part of the remuneration of the executive director(s), responsible for such claim.

#### Non- Executive / Independent Director(s)

The non - executive /independent director(s) will receive remuneration by way of fees for attending meetings of board or any committee in which Director(s) is member, provided that, the amount of such sitting fees shall not exceed (i) INR 1,00,000 (Indian Rupees One lakh) per meeting of the board or any committee in which the Director(s) is member or (ii) such other amount as may be prescribed by the Central Government from time to time.

#### Remuneration to KMP and SMP of the Company

NRC will recommend to the board and the board will approve the remuneration payable to (i) KMP, who is / are not an executive director(s), and (ii) SMP of the Company.

The break-up of the remuneration payable to KMP and SMP of the Company including the perquisites such as employer's contribution to provident fund, pension scheme, medical expenses, club fees and like will also be approved by the board on the recommendations received from the NRC.

#### Profit Related Commission

##### Executive Director(s)

In addition to fixed remuneration, the executive director(s) shall be entitled to receive commission linked to the profits of the Company for each financial year subject to the limits prescribed under the provisions of the Act 2013.

##### Non - Executive / Independent Director(s)

In addition to the sitting fees, the non - executive / independent director(s) shall be entitled to commission from the Company subject to the monetary limit approved by shareholders of the Company and aggregate commission amount would not exceed the prescribed limit of the profits of the Company computed in accordance with applicable provisions of the Act, 2013.

#### Other KMP and SMP

In addition to fixed remuneration, to motivate other KMP viz., who is / are not an Executive Director(s) and SMP of the Company to pursue a long term growth and success for and of the Company, the NRC shall recommend to the board the amounts that may be distributed amongst other KMP and SMP of the Company as performance based remuneration, on such interval as the NRC may think fit.

#### Equity based remuneration along with profit related commission.

Subject to the provisions of the Act, 2013, all director(s), KMP and SMP of the Company shall be entitled to avail any stock options including stock appreciation rights or such other benefits if issued by the Company, except for:

- (i) an employee, who is promoter(s) or relative(s) of the promoter(s); and
- (ii) any director(s) holding more than 10% (ten percent) equity shares of the Company, either directly or indirectly.

The equity based remuneration to executive chairman, managing directors and whole-time director(s) of the Company shall be subject to limits prescribed under the Act, 2013 or any rules framed thereunder and any other applicable law including securities laws in India.

An independent director shall not be entitled to take part in any stock option plan issued by the Company.

## Sundaram-Clayton Limited

6.6 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.)
08.05.2015	R Vijayaraghavan, Vice Admiral P J Jacob and V Subramanian

6.7 Remuneration to directors:

Executive directors:

The remuneration payable to the CMD and JMDs is fixed by the board within the limits approved by the shareholders in terms of the relevant provisions of the Act 2013.

Particulars of remuneration paid to executive directors during the financial year 2015-16:

(Rs. in lakhs)

Name of the Directors	Salary	Commis- sion	Perqui- sites	Contribution to PF & Other Funds	Total
Mr Venu Srinivasan Chairman and Managing Director	18.00	-	14.58	3.06	35.64
Dr. Lakshmi Venu Joint Managing Director	90.00	378.04	79.53	15.30	562.87
Mr Sudarshan Venu Joint Managing Director	24.00	-	15.71	4.08	43.79

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 / re-appointment.

The above remuneration to Mr Venu Srinivasan, CMD and Mr Sudarshan Venu, JMD are notwithstanding their holding positions of CMD and JMD, respectively, 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 them as CMD and JMD from the Company and TVSM does not exceed the higher maximum limit admissible, from any one of these two companies.

The directors are paid commission within the permission limits approved by the members and determined by the board every year depending upon the performance of the Company.

The terms of their appointment were elaborately dealt with in the directors' report.

Non-executive directors:

Sitting fees

During the year, sitting fees payable to each non-executive director was increased from Rs. 7,500/- to Rs. 10,000/- for every meeting of the board / committee attended by them effective from 1<sup>st</sup> July 2015, which is within the limits prescribed under the Act 2013.

Commission

The Company benefits from the expertise, advise and inputs provided by the IDs. The IDs devote their valuable time in deliberating on strategic and critical issues in the course of the board / 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 at the AGM of the Company held on 30<sup>th</sup> September 2011, Non-executive and Independent Directors are being paid commission, not exceeding 1% of the net profits of the Company, 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, 2011.

This approval for payment of commission to non-executive and independent directors was valid up to 31<sup>st</sup> March 2016 and the approval of the shareholders are being obtained for payment of commission for a further period of five years, commencing from 1<sup>st</sup> April 2016.

A commission of Rs.12 lakhs per annum is payable to each such IDs, who serve as members of the audit committee as well and Rs.9 lakhs per annum to other IDs. The amount of commission for every financial year will be decided by the board, as approved by the shareholders at the AGM, subject to the limit of 1% in the aggregate of net profits of the Company, 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 adequately compensates for the time and contribution made by the NE-IDs.

At the AGM held on 21<sup>st</sup> August 2014, all the IDs were appointed to hold office for a first term of five consecutive years from the conclusion of that AGM and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and also profit related commission in terms of Section 197 of the Act 2013 in addition to sitting fee.

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

6.8 Particulars of sitting fees / commission paid to the non-executive independent / non-independent directors during the financial year 2015-16 are as follows:

(in Rs.)

Name of the directors (M/s.)	Sitting fees(*)	Commission	Total
K Mahesh	20,000	-	20,000
Gopal Srinivasan	37,500	-	37,500
T K Balaji	30,000	-	30,000
Vice Admiral P J Jacob (Retd.)	1,00,000	12,00,000	13,00,000
V Subramanian	92,500	12,00,000	12,92,500
S Santhanakrishnan	1,22,500	12,00,000	13,22,500
Suresh Kumar Sharma	10,000	9,00,000	9,10,000
R Vijayaraghavan	72,500	9,00,000	9,72,500
Kamlesh Gandhi	37,500	9,00,000	9,37,500
<b>Total</b>	<b>5,22,500</b>	<b>63,00,000</b>	<b>68,22,500</b>

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



## Sundaram-Clayton Limited

6.9 Details of shareholdings of non-executive directors in the Company as on 31<sup>st</sup> March 2016:

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

\* Mr Venu Srinivasan and Mr Gopal Srinivasan being brothers are relatives in terms of Section 2(77) of the Companies Act, 2013.

There are no other pecuniary relationships or transactions of the non-executive directors' vis-à-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, non-executive and independent directors and Dr. Lakshmi Venu, executive and non-independent director. Mr S Santhanakrishnan, non executive director, is the chairman of the committee and he was present at the AGM held on 20<sup>th</sup> August 2015.

7.2 As required by SEBI LODR Regulations, Mr R Raja Prakash, company secretary is the compliance officer of SRC. For any clarification / complaint, the shareholders may contact the company secretary.

7.3 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.)
08.05.2015	S Santhanakrishnan, R Vijayaraghavan and Dr. Lakshmi Venu
04.08.2015	S Santhanakrishnan and Dr. Lakshmi Venu
05.11.2015	S Santhanakrishnan and Dr. Lakshmi Venu
09.02.2016	S Santhanakrishnan, R Vijayaraghavan and Dr. Lakshmi Venu

7.4 The SRC oversees and reviews all the matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. The SRC also looks into redressal of investors' grievances pertaining to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. The Company, in order to expedite the process of share transfers, has delegated the power of share transfers to the officials of the Company. 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 2015-16:

S.No.	Nature of complaints	No. of complaints
1.	Non-receipt of share certificates, including bonus share certificates	1
2.	Non-receipt of dividend warrants	8
3.	Non-receipt of Demat request documents	1
	Total	10

7.6 All the queries and complaints received during the financial year ended 31<sup>st</sup> March 2016, 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 share certificate was pending for dematerialization.

7.7 Reconciliation of Share Capital Audit:

A qualified Practising Company Secretary carries out a Reconciliation of Share Capital (RSC) Audit on a quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital and places the report for perusal of the Board.

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

### 8. Administrative Committee

The Administrative Committee of directors consist of three directors viz., M/s Venu Srinivasan, Gopal Srinivasan and T K Balaji directors of the Company. 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.)
19.08.2015	Venu Srinivasan and T K Balaji
05.11.2015	
04.02.2016	Venu Srinivasan and Gopal Srinivasan

### 9. General body meeting

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

Year	Location	Date	Time
2012-13	The Music Academy, New No.168 (Old No. 306) TTK Road, Royapettah, Chennai - 600 014	27.08.2013	10.35 A.M.
2013-14		21.08.2014	10.15 A.M.
2014-15		20.08.2015	10.00 A.M.

## Sundaram-Clayton Limited

### 9.2 Special resolutions passed in the previous three AGMs:

During the last three years, namely 2012-13 to 2014-15 approvals of the shareholders were obtained by passing special resolutions as follows:

Year	Subject matter of the special resolution	Date of AGM
2012-13	Appointment of Captain N S Mohan Ram as consultant in TVS Motor Company Limited	27.08.2013
2013-14	Appointment of M/s Vice Admiral P J Jacob (Retd.), V Subramanian, S Santhanakrishnan, Suresh Kumar Sharma, R Vijayaraghavan and Kamlesh Gandhi, as Independent Directors of the Company for the first term of five years each.	21.08.2014
2014-15	Nil	20.08.2015

9.3 None of the subjects placed before the shareholders in the last / ensuing AGM required / requires approval by a Postal Ballot. However, in terms of Regulation 44 of SEBI (LODR) Regulations and Section 108 of the Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company provided to the members facility to exercise their right to vote through Remote e-Voting and through poll at the meeting for all the items at the AGM held on 20<sup>th</sup> August 2015.

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

#### 10.1 Quarterly results:

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

#### 10.2 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.

#### 10.3 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, e.g. details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company, who are responsible for assisting and handling investor grievances, such other details as may be required under Regulation 46 of SEBI (LODR) Regulations.

The Company ensures that the contents of this website are periodically updated. In addition, the Company makes use of this website for publishing official news release and presentations, if any, made to institutional investors / analysts.

### 11. General shareholder information

#### 11.1 Annual General Meeting:

Date and time : Friday, the 2<sup>nd</sup> September 2016  
at 10.00 A.M.

Venue : The Music Academy,  
New No.168, TTK Road,  
Royapettah,  
Chennai 600 014.

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

Financial calendar : 2016-17 (Tentative):

Financial reporting for  
the quarter ended : Financial calendar

30<sup>th</sup> June 2016 : between 15<sup>th</sup> July and 14<sup>th</sup> August 2016

30<sup>th</sup> September 2016 : between 15<sup>th</sup> October and 14<sup>th</sup> November 2016

31<sup>st</sup> December 2016 : between 15<sup>th</sup> January and 14<sup>th</sup> February 2017

31<sup>st</sup> March 2017 : between 15<sup>th</sup> April and 30<sup>th</sup> May 2017

#### 11.3 Particulars of dividend payment:

The board of directors of the Company at its meeting held on 9<sup>th</sup> February 2016, declared a first interim dividend of Rs.21/- per share (420%) for the year 2015-2016, absorbing a sum of Rs.42.55 Cr including dividend distribution tax. The same was paid to the shareholders on 20<sup>th</sup> February 2016.

The board at its meeting held on 22<sup>nd</sup> March 2016, declared a second interim dividend of Rs.20/- per share (400%) for the year 2015-16, absorbing a sum of Rs.40.46 Cr. and the same was paid to the shareholders on 28<sup>th</sup> March 2016.

Hence, the total amount of both dividends paid for the year ended 31<sup>st</sup> March 2016 amounted to Rs.41/- per share (820%) absorbing Rs.83.01 Cr on 2,02,32,085 equity shares of Rs.5/- each.

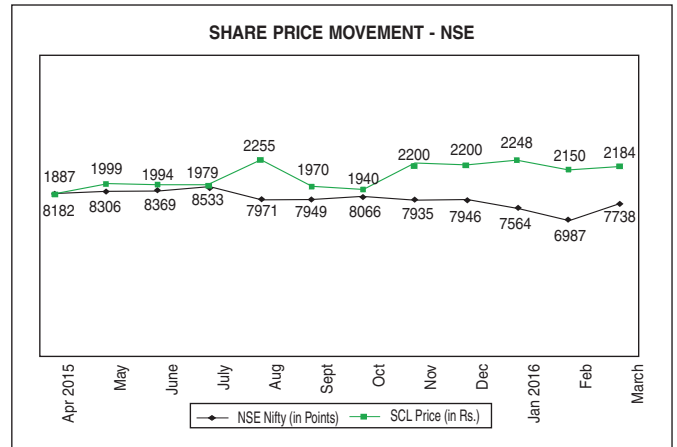
#### 11.4 Listing on Stock Exchanges:

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

## Sundaram-Clayton Limited

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 2016-17 were duly paid to the above Stock Exchanges and Depositories)



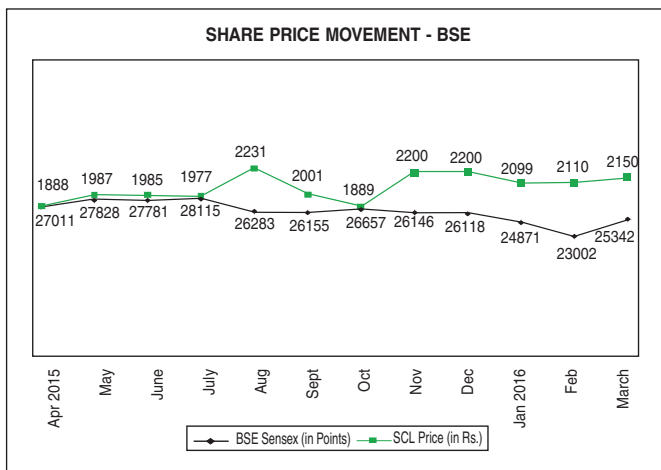
11.5 Market Price Data: (in Rupees)

Month	NSE		BSE	
	High	Low	High	Low
April 2015	1,886.95	1,625.00	1,888.25	1,630.00
May 2015	1,999.00	1,751.00	1,987.00	1,741.75
June 2015	1,994.00	1,785.00	1,984.75	1,780.00
July 2015	1,979.00	1,824.00	1,977.00	1,775.00
August 2015	2,255.40	1,860.00	2,231.00	1,842.75
September 2015	1,969.70	1,789.65	2,000.75	1,772.00
October 2015	1,939.90	1,790.00	1,889.00	1,797.00
November 2015	2,200.00	1,755.45	2,199.75	1,755.00
December 2015	2,200.05	1,922.10	2,200.00	1,933.00
January 2016	2,248.00	1,851.00	2,099.00	1,849.00
February 2016	2,150.00	1,800.00	2,110.00	1,755.00
March 2016	2,184.00	1,821.15	2,150.00	1,817.00

11.7 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 STA within 7 days.
- Certificates are being obtained and submitted to Stock Exchanges, on half-yearly basis, from a Company Secretary-in-practice towards due compliance of share transfer formalities by the Company within the due dates, in terms of Regulation 40(9) of SEBI (LODR) 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 SEBI (LODR) Regulations, has designated the following e-mail IDs, namely [investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@scl.co.in) / [rrp@scl.co.in](mailto:rrp@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 senior manager - shares towards maintenance of share transfer facility by Share Transfer Department in compliance with Regulation 7(3) of the SEBI (LODR) 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.

11.6 Share price performance in comparison to broad based indices - BSE Sensx and NSE Nifty:



## Sundaram-Clayton Limited

### 11.8 Shareholding pattern of the Company as on 31<sup>st</sup> March 2016:

Category of Shareholder	31.03.2016	
	No. of shares held	%
<b>Shareholding of Promoter and Promoter Group</b>		
Promoter and Promoter Group		
Bodies Corporate	1,51,74,060	75.00
<b>Total (A)</b>	<b>1,51,74,060</b>	<b>75.00</b>
Public Shareholding		
Mutual Funds	24,97,337	12.35
Banks / Financial Institutions	560	
Insurance Companies	5,52,638	2.73
Foreign Institutional Investors	36,548	0.18
<b>Total Institutions (B)</b>	<b>30,87,083</b>	<b>15.26</b>
Bodies Corporate	1,77,694	0.88
Individuals holding nominal capital in excess of Rs.2 lakhs	2,12,655	1.05
Individuals holding nominal capital upto Rs.2 lakhs	15,44,312	7.64
NRI Repatriable	10,914	0.05
NRI Non - Repatriable	16,955	0.08
Directors & relatives	6,622	0.03
Foreign National (IND)	82	-
Clearing members	1,708	0.01
<b>Total Non-Institutions (C)</b>	<b>19,70,942</b>	<b>9.74</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>

### 11.9 Distribution of Shareholding as on 31<sup>st</sup> March 2016

Shareholding (Range)	No of shares	%	No of members	%
Upto 5000	12,00,149	5.93	15,218	97.92
5001-10000	1,26,895	0.63	172	1.11
10001-20000	84,678	0.42	61	0.39
20001-50000	1,51,384	0.75	48	0.31
50001-100000	1,14,366	0.56	16	0.10
100001 & above	1,85,54,613	91.71	26	0.17
<b>Total</b>	<b>2,02,32,085</b>	<b>100.00</b>	<b>15,541</b>	<b>100.00</b>

### 11.10 Dematerialization of shares and liquidity:

The promoter holding consisting of 1,51,74,060 equity shares of Rs.5/- each has been fully dematerialized. Out of 50,58,025 equity shares of Rs.5/- each held by persons other than promoters 48,54,649 shares have been dematerialized as on 31<sup>st</sup> March, 2016 accounting for 95.98%.

### 11.11 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.

### 11.12 Other Disclosures

a. There were no pecuniary relationships or transactions with NE-IDs vis-à-vis the Company during the year under review, except payment of sitting fees and profit related commission.

b. 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.

### c. SEBI (LODR) Regulations

SEBI on September 2, 2015, issued SEBI (LODR) Regulations with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability.

The said Regulations were effective 1<sup>st</sup> December, 2015. Accordingly, the Company entered into Listing Agreement with BSE Limited and the National Stock Exchange of India Limited during December 2015.

d. 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. Company has not entered in to any commodity derivatives with any of the bankers.

### 11.13 Plant locations:

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

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

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

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

### 11.14 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 : [raman@scl.co.in](mailto:raman@scl.co.in)  
[sclshares@gmail.com](mailto:sclshares@gmail.com)

(iii) for Investors grievance & general correspondence : Email : [rrp@scl.co.in](mailto:rrp@scl.co.in)  
[investorscomplaintsstata@scl.co.in](mailto:investorscomplaintsstata@scl.co.in)

### 12. 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:

#### 12.1 The Board:

As the Company has an executive chairman, disclosure under this head is not mandatory.

The Non-Independent directors 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.

#### 12.2 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.

#### 12.3 Audit qualifications:

The financial statements of the Company are unqualified.

### 13. Request to shareholders

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

#### Demat of Shares:

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

#### Registration of Electronic Clearing Service (ECS) mandate:

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.

#### Transfer of shares in physical mode:

Shareholders should fill up complete and correct particulars in the transfer deed, for expeditious transfer of shares. Wherever applicable,

registration number of power of attorney should also be quoted in the transfer deed at the appropriate place.

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

In terms of SEBI (LODR) Regulations, it has become mandatory for transferees to furnish a copy of Permanent Account Number (PAN) for registration of transfer of shares to be held in physical mode.

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

#### Consolidation of Multiple Folios:

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

#### Registration of Nominations:

Nomination in respect of shares, as per 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.

#### 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.

#### 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. 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.

## Sundaram-Clayton Limited

Timely encashment of dividends:

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

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

Shareholders, who have not encashed their dividend warrants, in respect of dividends declared for the year ended 31<sup>st</sup> March, 2009 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

Shareholders are requested to note that the dividends, not claimed for a period of seven years from the date they first became due for payment, shall be transferred to IEPF in terms of Section 205C of the Companies Act, 1956. Accordingly a sum of Rs.1.55 lakhs, being unclaimed dividend, was transferred to IEPF during the year.

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 of transfer to IEPF
2008-2009 (Final)	29.09.2009	04.11.2009	04.11.2016
2009-2010 (1 <sup>st</sup> Interim)	25.01.2010	02.03.2010	02.03.2017
2009-2010 (2 <sup>nd</sup> Interim)	13.08.2010	18.09.2010	18.09.2017
2010-2011 (1 <sup>st</sup> Interim)	28.01.2011	05.03.2011	05.03.2018
2010-2011 (2 <sup>nd</sup> Interim)	12.08.2011	17.09.2011	17.09.2018
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	07.06.2022
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

## Sundaram-Clayton Limited

### 14. Unclaimed share certificates

In terms of the provisions of Regulation 39(4) read with Schedule VI of the SEBI (LODR) Regulations, the unclaimed share certificates are required to be dematerialized and transferred to "Unclaimed Suspense Account". As required under the SEBI (LODR) Regulations, the Company sent reminder letters to the shareholders, whose share certificates were returned undelivered or unclaimed. The voting rights in respect of unclaimed shares held in Unclaimed Suspense Account stands frozen in terms of Regulation 39 read with Schedule VI of SEBI (LODR) Regulations, till the rightful owners of such shares claim them.

After complying with the requirements under the SEBI (LODR) Regulations, the Company has opened an "Unclaimed Suspense Account" and details are as follows:

Details	No. of shareholders	No. of shares
No of Shares in the Unclaimed suspense account as on 31 <sup>st</sup> March 2015	500	33402
No. of shares transferred to the shareholders on request till 31 <sup>st</sup> March 2016	8	560
No of Shares in the Unclaimed suspense account as on 31 <sup>st</sup> March 2016	492	32842

### 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 the 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, shareholders 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.

## Compliance with Code of Business Conduct and Ethics

The Shareholders of Sundaram-Clayton Limited, Chennai

On the basis of the written declarations received from members of the board and senior management personnel in terms of the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation 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 2016.

Chennai  
12<sup>th</sup> May 2016

VENU SRINIVASAN  
Chairman & Managing Director

## **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

- (1) We certify that we have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2016 and to the best of our knowledge and belief,
- a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b. these statements together present a true and fair view of the company's affairs for the year ended 31<sup>st</sup> March 2016, and are in compliance with the existing accounting standards, applicable laws and regulations; and
  - c. no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.
- (2) Further, we accept that it is our responsibility to establish and maintain internal controls for financial reporting.
- (3) Accordingly, we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we further certify that:
- a. there are no deficiencies in the design or operation of internal controls;
  - b. there are no significant changes in internal control over the financial reporting during the year;
  - c. there are no significant changes in accounting policies during the year; and
  - d. there have been no instances of any significant fraud of which we became aware and the involvement therein, if any, of the management or an employee, having a significant role in the company's internal control system over the financial reporting.

VENU SRINIVASAN  
Chairman & Managing Director

V N VENKATANATHAN  
Chief Financial Officer

Place : Chennai  
Date : 12<sup>th</sup> May 2016

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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 2016 as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) 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.

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

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

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

M. BALASUBRAMANIAM  
*Partner*  
Membership No. F7945

Chennai  
12<sup>th</sup> May 2016



## Sundaram-Clayton Limited

### Form No. MR-3

### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2016

[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]  
No.29, Haddows Road,  
Chennai - 600006.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s 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 31.03.2016, 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 31.03.2016, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Companies Act, 1956 (to the extent applicable);
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder 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, 1992 and the Securities and

Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (with effect from 15<sup>th</sup> May 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;
  - d. The Securities and Exchange Board of India (Listing obligations and Disclosure requirements) Regulations 2015 (with effect from 1<sup>st</sup> December 2015).
- We are 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 2009;
  - b. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - 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 (Buyback of Securities) Regulations, 1998.

- (vi) 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 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, I report that the Company has complied with the provisions of the following statutes and the rules made thereunder to the extent it is applicable to them:

- The Environment (Protection) Act, 1986
- The Water (Prevention and Control of Pollution) Act, 1974
- The Air (Prevention and Control of Pollution) Act, 1981
- Factories Act, 1948
- Industrial Disputes Act, 1947
- The Payment of Wages Act, 1936
- The Minimum Wages Act, 1948
- Employees' State Insurance Act, 1948

## *Sundaram-Clayton Limited*

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- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- The Payment of Bonus Act, 1965
- The Payment of Gratuity Act, 1972
- The Contract Labour (Regulation & Abolition) Act, 1970
- The Maternity Benefit Act, 1961
- The Child Labour (Prohibition & Regulation) Act, 1986
- The Industrial Employment (Standing Order) Act, 1946
- The Employees' Compensation Act, 1923
- The Apprentices Act, 1961
- Equal Remuneration Act, 1976
- The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
- Conferment of Permanent Status Act, 1981
- The Municipality / Local Act
- The Public Liability Insurance Act, 1991
- Indian Electricity Act, 2003
- The Energy Conservation Act, 2001
- The Environmental Impact Assessment Notification, 2006
- The Inflammable Substances Act, 1952
- The Legal Metrology Act, 2009
- Workmens' Compensation Act, 1923
- Personal Injuries compensation Insurance Act

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 (Old agreements upto 30th November 2015 and new agreement with effect from 1st December 2015)

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 except that Mr.Suresh Kumar Sharma, an Independent Director passed away on 23<sup>rd</sup> March 2016 and the Company is in the process of appointing an independent director within the prescribed time limit of 90 days.
- 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.
- Majority decision is carried through and based on the minutes made available to us, we report that there were no dissenting votes from any Board member that were 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.

B Chandra  
Practising Company Secretary  
ACS No.: 20879  
C P No.: 7859

Place : Chennai  
Date : 12<sup>th</sup> May, 2016

## **Independent Auditor's Report on the Standalone Financial Statements of Sundaram-Clayton Limited, Chennai for the year ended 31<sup>st</sup> March 2016**

To the Members of  
Sundaram-Clayton Limited, Chennai

### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Sundaram-Clayton Limited, Chennai ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **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 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, read with Rule 7 of the Companies (Accounts) Rules, 2014 .

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a

true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

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 accounting principles generally accepted in India;

- a) of the state of affairs of the Company as at 31<sup>st</sup> March, 2016;
- b) its Profit for the year ended on that date; and
- c) its cash flows for the year ended on that date.

### **Report on other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure - 1, a statement on the matters specified in the paragraphs 3 and 4 of the Order.
2. As required by 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 purposes of our audit.
  - b. In our opinion, proper books of account 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 and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 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 Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure - 2".

## Sundaram-Clayton Limited

- 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 Auditors) Rules, 2014, 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 its financial position in its financial statements - refer note no. XXII (7) to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection fund by the Company.

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

M. BALASUBRAMANIAM  
Partner  
Membership No.: F7945

Place : Chennai  
Date : 12<sup>th</sup> May 2016

### Annexure 1 referred to in our report under "Report on Other Legal and Regulatory requirements Para 1" of even date on the accounts for the year ended 31<sup>st</sup> March, 2016.

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) Fixed assets are verified physically by the management in accordance with a regular programme at reasonable intervals. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties of the Company are held in the name of the Company.
2. The inventory has been physically verified at reasonable intervals during the year by the management. It was represented that no material discrepancies were noticed.  
Also it was represented to us that inventory with third parties is also verified from time to time.
3. 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.
4. During the year, the company has not granted any loan or has furnished any guarantees or provided any security. Hence reporting on whether there is compliance with provisions of Section 185 of the Companies Act, 2013 does not arise.  
The Company has invested a sum of Rs. 5.26 crore during the year and the total investments made by the company is in compliance with the provisions of section 186 of the Companies Act, 2013.
5. The Company has not accepted any deposit within the meaning of Sections 73 to 76 of the Companies Act, 2013, during the year.
6. We have broadly reviewed the books of accounts maintained by the company under sub-section of (1) of Section 148 of the Companies Act, 2013, read with the rules made by the Central Government for maintenance of cost records and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained.
7. (a) According to the records provided to us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance,

Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues with the appropriate authorities. However, we have observed a few instances of delay in remittance of service tax, Value Added Tax, Employees' State Insurance and income tax deduction into the Government.

- (b) According to the information and explanations furnished to us, no undisputed amounts payable in respect of Income tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess were in arrear as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.
- (c) According to information and explanations furnished to us, the following are the details of the disputed dues that were not deposited with the concerned authorities:

Name of the statute	Nature of dues	Amount (Rs. in crores)	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	0.06	The Honourable High Court of Judicature at Madras
		1.59	Commissioner (Appeals), Chennai
Finance Act, 1994	Service Tax	3.21	Customs Excise & Service Tax Appellate Tribunal, Chennai
		3.20	Commissioner of Central Excise, Chennai
		0.13	Commissioner (Appeals), Chennai
		1.01	Additional Commissioner of Central Excise, Chennai
		0.09	Joint Commissioner of Central Excise, Chennai
		0.04	Deputy Commissioner of Central Excise, Chennai
		0.04	Assistant Commissioner of Central Excise, Chennai

## Sundaram-Clayton Limited

Income Tax Act, 1961	Income Tax	7.62	Commissioner of Income Tax (Appeals), Chennai
Tamil Nadu Town and Country Planning Act, 1971	Fee payable to CMDA / Municipal Authorities	0.83	The Honourable High Court of Judicature at Madras
Tamil Nadu Value Added Tax Act, 2006	Value added tax	0.12	Appellate Deputy Commissioner, Chennai

8. 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 and Government nor has issued any debentures.
9. (a) The Company has not raised any money by way of initial public offer or further public offers (including debt instruments) during the year. Hence reporting on utilization of such money does not arise.
- (b) The term loan availed by the company has been applied for the purpose for which it was availed.
10. Based on the audit procedures adopted and information and explanations given to us by the management, no fraud by the Company or on the Company has been noticed or reported during the course of our audit.
11. In our opinion and according to the information and explanations given to us, managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the

provisions of Section 197 read with Schedule V to the Companies Act, 2013.

12. The Company is not a Nidhi company and as such this clause of the Order is not applicable.
13. (a) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013.
- (b) The details of transactions during the year have been disclosed in the Financial Statements as required by the applicable accounting standards. Refer note no. - XXII (11) and XXII(12) to Financial statements .
14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures under Section 42 of the Companies Act, 2013.
15. In our opinion and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with them.
16. The company is not required to register under Section 45-IA of the Reserve Bank of India Act, 1934.

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

M. BALASUBRAMANIAM  
Partner  
Membership No. F7945

Chennai  
12<sup>th</sup> May 2016

**Annexure 2 to the Independent Auditors' Report on the Standalone Financial Statements of Sundaram -Clayton Limited, Chennai for the year ended 31<sup>st</sup> March, 2016.**

**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, CHENNAI ("the Company") as of March 31, 2016 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 (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 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 ICAI 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, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 judgement, including the assessment of the risks of material misstatement 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 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 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;

- I. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- II. 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
- III. 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 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, 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 March 31, 2016, based on;

- i. existing policies and procedures adopted by the Company for ensuring orderly and efficient conduct of business .
- ii. continuous adherence to Company's policies .
- iii. existing procedures in relation to safeguarding of Company's fixed assets, investments, inventories, receivables, loans and advances made and cash and bank balances .
- iv. existing system to prevent and detect fraud and errors .
- v. accuracy and completeness of Company's accounting records; and
- vi. existing capacity to prepare timely and reliable financial information.

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

M. BALASUBRAMANIAM  
Partner  
Membership No. F7945

Chennai  
12<sup>th</sup> May 2016

## Sundaram-Clayton Limited

### Balance Sheet as at 31<sup>st</sup> March 2016

(Rupees in crores)

	Note number	As at 31.03.2016	As at 31.03.2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	I	10.12	10.12
(b) Reserves and surplus	II	421.08	364.49
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	III	99.60	106.58
(b) Deferred tax liabilities (Net)		26.27	22.27
(c) Long-term provisions	IV	15.03	17.13
<b>3 Current liabilities</b>			
(a) Short-term borrowings	V	180.57	220.31
(b) Trade payables			
(i) Total Outstanding dues of Micro Enterprises and Small Enterprises		2.19	2.35
(ii) Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises		155.79	125.29
(c) Other current liabilities	VI	121.02	81.82
(d) Short-term provisions	VII	24.43	27.94
<b>Total</b>		1,056.10	978.30
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	VIII	443.55	408.24
(ii) Intangible assets	VIII	1.93	0.59
(iii) Capital work-in-progress	VIII	21.81	9.34
(b) Non-current investments	IX	66.06	61.31
(c) Long-term loans and advances	X	23.88	23.71
<b>2 Current assets</b>			
(a) Current investments		-	-
(b) Inventories	XI	216.95	199.84
(c) Trade receivables	XII	188.23	179.96
(d) Cash and cash equivalents	XIII	2.81	2.10
(e) Short-term loans and advances	XIV	85.90	91.99
(f) Other current assets	XV	4.98	1.22
<b>Total</b>		1,056.10	978.30
Accounting Standards, additional disclosures and notes on accounts	XXII		

VENU SRINIVASAN  
Chairman & Managing Director

Dr. LAKSHMI VENU  
Joint Managing Director

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

Chennai  
12<sup>th</sup> May 2016

V N VENKATANATHAN  
Chief Financial Officer

R RAJA PRAKASH  
Company Secretary

M BALASUBRAMANIAM  
Partner  
Membership No. F7945

**Sundaram-Clayton Limited**

**Statement of Profit & Loss for the year ended 31<sup>st</sup> March 2016**

		(Rupees in crores)	
	Note number	Year ended 31.03.2016	Year ended 31.03.2015
I	Revenue from operations	1,528.67	1,415.98
	Less: Excise duty and service tax	113.91	69.87
		1,414.76	1,346.11
II	Other income	102.41	55.00
III	Total Revenue (I + II)	1,517.17	1,401.11
IV	Expenses:		
	Cost of materials consumed	710.58	692.33
	Changes in inventories of finished goods, work-in-process and Stock-in-Trade	(11.79)	2.35
	Employee benefits expense	210.49	183.20
	Finance costs	32.83	36.88
	Depreciation and amortization expense	54.95	59.82
	Other expenses	372.11	345.18
	Total expenses	1,369.17	1,319.76
V	Profit before exceptional items and tax (III-IV)	148.00	81.35
VI	Exceptional item	6.03	3.06
VII	Profit before tax (V + VI)	154.03	84.41
VIII	Tax expense:		
	(1) Current tax	12.00	9.50
	(2) Tax relating to earlier years	(1.57)	-
	(3) Deferred tax	4.00	3.75
IX	Profit for the year (VII-VIII)	139.60	71.16
	Earnings per equity share		
	Face value Rs.5/- each : [vide note XXII(1) (t)]		
	(1) Basic (in Rs.)	69.00	35.19
	(2) Diluted (in Rs.)	69.00	35.19
	Accounting Standards, additional disclosures and notes on accounts	XXII	

VENU SRINIVASAN  
*Chairman & Managing Director*

Dr. LAKSHMI VENU  
*Joint Managing Director*

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

Chennai  
12<sup>th</sup> May 2016

V N VENKATANATHAN  
*Chief Financial Officer*

R RAJA PRAKASH  
*Company Secretary*

M BALASUBRAMANIAM  
*Partner*  
Membership No. F7945



## Sundaram-Clayton Limited

### Notes on accounts

Particulars	As at 31.03.2016		As at 31.03.2015	
	Number	Rupees in crores	Number	Rupees in crores
<b>I. SHARE CAPITAL</b>				
(a) Details of authorised, issued and subscribed share capital				
<b>Authorised Capital</b>				
Equity Shares of Rs.5/- each	5,00,00,000	25.00	5,00,00,000	25.00
<b>Issued,Subscribed &amp; Paid up Capital</b>				
Equity Shares of Rs.5/- each fully paid	2,02,32,085	10.12	2,02,32,085	10.12
	<u>2,02,32,085</u>	<u>10.12</u>	<u>2,02,32,085</u>	<u>10.12</u>
(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year				
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	<u>2,02,32,085</u>	<u>10.12</u>	<u>2,02,32,085</u>	<u>10.12</u>

(c) i) Rights and preferences attached to equity share:

Every shareholder is entitled to such rights as to attend the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 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 2016

Name of Shareholder	Relationship	Class of Shares	As at 31.03.2016		As at 31.03.2015	
			No. of shares held	% of holding	No. of shares held	% of holding
T V Sundram Iyengar & Sons Private Limited - Madurai	Holding company	Equity	38,07,330	18.82	38,07,330	18.82
Sundaram Industries Private Limited - 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 2016 (other than I (d) above)

Name of Shareholder	Class of Shares	As at 31.03.2016		As at 31.03.2015	
		No. of shares held	% of holding	No. of shares held	% of holding
Sundaram Finance Limited - Chennai	Equity	22,73,081	11.24	22,73,081	11.24
Reliance Capital Trustee Company Limited, Mumbai	Equity	10,32,338	5.10	-	-

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

Particulars	(Rupees in crores)	
	As at 31.03.2016	As at 31.03.2015
<b>II. RESERVES AND SURPLUS</b>		
<b>a. Securities Premium</b>	36.42	36.42
<b>b. General Reserve</b>		
Opening Balance	224.84	219.46
Add: Transfer from the Statement of Profit and Loss	–	7.12
Less: Additional depreciation consequent to adoption of revised useful life of depreciable assets as per Schedule II to the Companies Act, 2013	–	1.74
Closing Balance	224.84	224.84
<b>c. Surplus i.e. balance in Statement of Profit and Loss</b>		
Opening balance	103.23	77.63
Add: Net Profit for the current year	139.60	71.16
	242.83	148.79
Less: Allocations / Appropriations		
First interim dividend paid	42.49	18.21
Second interim dividend paid	40.46	8.09
Third interim dividend payable	–	12.14
Dividend distribution tax *	0.06	–
Transfer to general reserve	–	7.12
Closing Balance	159.82	103.23
Total (d) = (a + b + c)	421.08	364.49

\* 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.

### III. LONG-TERM BORROWINGS

(a) Secured		
Term loans		
From banks	96.99	103.31
(b) Unsecured		
Other than banks	2.61	3.27
<b>Total</b>	99.60	106.58

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

(Rupees in crores)

Total of loans repayable	Loans repayable in 2015-16 (Current maturity)	Balance long term loans as at 31-03-2015	Description	Frequency	No. of instalments due	Maturity	Total of loans repayable	Loans repayable in 2016-17 (Current maturity)	Balance long term loans as at 31-03-2016
14.28	14.28	–	Rupee Term Loan I	–	–	–	–	–	–
12.50	12.50	–	Rupee Term Loan II	–	–	–	–	–	–
64.17	23.36	40.81	Rupee Term Loan III	Quarterly	7	December 2017	40.84	23.36	17.48
1.21	1.21	–	Buyer's credit	–	–	–	–	–	–
62.50	–	62.50	Foreign Currency Non-resident Borrowings (FCNR(B)) Loan	Bullet payment	NIL	July 2016 & August 2016	66.26	66.26	–
–	–	–	External Commerical Borrowing (ECB) #	Bullet payment	NIL	October 2018, November 2018 & March 2019	79.51	–	79.51
154.66	51.35	103.31	Sub-total				186.61	89.62	96.99
3.27	–	3.27	Soft loan – Unsecured	Yearly			2.61	–	2.61
157.93	51.35	106.58	Total				189.22	89.62	99.60

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

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

Details of securities created

- (i) Rupee Term Loans:  
Secured by first and exclusive charge on specific plant and equipment situated at the Company's factories
- (ii) 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".
- (iii) FCNR(B) and ECB Loan from Bank  
Secured by charge on specific plant and equipment situated at the Company's factories

# Repayment in 3 years from the date of drawdown

Amount payable in each instalment

Description	Currency	Amount
Term Loan III	INR	5.84 crores

(Rupees in crores)

As at 31.03.2016

As at 31.03.2015

#### IV. LONG-TERM PROVISIONS

(a) Employee benefits		
(i) Pension	10.25	12.88
(ii) Leave salary	2.83	2.30
(b) Others		
Sales Tax	1.95	1.95
<b>Total</b>	<u>15.03</u>	<u>17.13</u>

#### V. SHORT-TERM BORROWINGS

(a) Secured		
From banks- Repayable on demand	66.42	140.71
(b) Unsecured		
From banks	114.15	79.60
<b>Total</b>	<u>180.57</u>	<u>220.31</u>

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

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

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

(Rupees in crores)  
As at 31.03.2016                      As at 31.03.2015

#### VI. OTHER CURRENT LIABILITIES

(a) Current maturities of long-term debt		
Term loans	89.62	51.35
(b) Interest accrued but not due on borrowings	1.93	3.79
(c) Unpaid dividends	1.46	0.74
(d) Others		
(i) Tax deducted at source payable	1.95	1.02
(ii) Sales tax payable	1.99	1.78
(iii) Employee related	18.75	18.88
(iv) For expenses	1.48	1.51
(v) Advance received from customers	3.84	2.75
<b>Total</b>	<b>121.02</b>	<b>81.82</b>

#### VII. SHORT-TERM PROVISIONS

(a) Employee benefit - Pension	17.57	10.14
(b) Employee benefit - Leave salary	1.07	1.10
(c) Warranty	4.25	4.06
(d) Interim dividend payable	–	12.14
(e) Provision for taxation (net of advance tax of Rs.20.06 crores, PY Rs.14.67 crores)	1.54	0.50
<b>Total</b>	<b>24.43</b>	<b>27.94</b>

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

(Rupees in crores)

Description	Tangible							Intangible* (Software)		Total (tangible and intangible)			
	Land		Buildings	Plant & equip- ment	Furniture & fixtures	Office equip- ment	Vehicles	Total as at		As at			
	Free hold	Lease hold						31/03/ 2016	31/03/ 2015	31/03/ 2016	31/03/ 2015	31/03/ 2016	31/03/ 2015
Cost of assets													
As at 01-04-2015	3.20	10.51	112.81	647.51	8.50	15.53	18.43	816.49	748.78	5.98	4.88	822.47	753.66
Additions #	–	–	1.33	85.02	0.81	1.70	1.98	90.84	73.18	2.20	1.10	93.04	74.28
Sub-total	3.20	10.51	** 114.14	732.53	9.31	17.23	20.41	907.33	821.96	8.18	5.98	915.51	827.94
Sales / Deletion / Amortisation	(0.26)	(0.12)	(0.18)	(6.30)	(0.89)	(0.45)	(0.53)	(8.73)	(5.47)	–	–	(8.73)	(5.47)
<b>Total</b>	2.94	10.39	113.96	726.23	8.42	16.78	19.88	898.60	816.49	8.18	5.98	906.78	822.47
Depreciation and amortisation													
Upto 31-03-2015	–	–	23.16	361.61	4.81	11.59	7.08	408.25	351.81	5.39	4.53	413.64	356.34
For the year	–	–	3.37	46.53	0.55	1.60	2.04	54.09	58.96	0.86	0.86	54.95	59.82
Charged to retained earnings i.e., reserves	–	–	–	–	–	–	–	–	1.74	–	–	–	1.74
Sub-total	–	–	26.53	408.14	5.36	13.19	9.12	462.34	412.51	6.25	5.39	468.59	417.90
Withdrawn on assets sold / deleted	–	–	(0.04)	(5.64)	(0.68)	(0.43)	(0.50)	(7.29)	(4.26)	–	–	(7.29)	(4.26)
<b>Total</b>	–	–	26.49	402.50	4.68	12.76	8.62	455.05	408.25	6.25	5.39	461.30	413.64
Written down value													
As at 31-03-2016	2.94	10.39	87.47	323.73	3.74	4.02	11.26	443.55	–	1.93	–	445.48	–
As at 31-03-2015	3.20	10.51	89.65	285.90	3.69	3.94	11.35	–	408.24	–	0.59	–	408.83
<b>CAPITAL WORK-IN-PROGRESS (AT COST) #</b>													
(a) Building												3.34	–
(b) Plant & equipment												18.38	9.34
(c) Others												0.09	–
<b>Total</b>												<b>21.81</b>	<b>9.34</b>

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

\*\* Charged under the head rent paid

# Addition includes net loss arising on account of realisation and restatement of foreign currency borrowing attributable to acquisition of plant and equipment amounting to Rs. 3.48 crores ( previous year gain - Rs.2.46 crores) - vide notes on accounts Note No. XXII (1)(k) under Accounting Standard -11.

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

		(Rupees in crores)	
		As at 31.03.2016	As at 31.03.2015
<b>IX. NON-CURRENT INVESTMENTS</b>			
<b>A Trade Investments</b>			
(a) Investments in Equity instruments		27.82	27.06
(b) Investments in Preference shares		10.00	10.00
(c) Investments in Private equity instruments		15.54	11.55
Total - Trade Investments (A)		53.36	48.61
<b>B Other Investments</b>			
Employees' pension related investments		12.70	12.70
Total Other Investments (B)		12.70	12.70
<b>Total (A + B)</b>		66.06	61.31

#### Details of Non-current investments

Sl. No.	Name of the body corporate	Subsidiary/ associate/ JV/controlled entity	No. of shares / units		Extent of holding (%)		Rupees in Crores	
			As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>A.</b>	<b>Trade Investments</b>							
(a)	Investment in Equity Instruments - Fully paid-up							
	(i) Quoted							
	TVS Motor Company Limited, Chennai	Subsidiary	27,26,82,786	27,26,82,786	57.40%	57.40%	19.59	19.59
	Suprajit Engineering Limited, Bengaluru	Others	57,72,000	57,72,000	-	-	0.43	0.43
	Harita Seating Systems Limited, Chennai	Others	7,280	7,280	-	-	0.04	0.04
	(ii) Unquoted							
	Green Infra BTV Limited , New Delhi (formerly TVS Energy Limited)	Others	45,00,000	45,00,000	5.54%	5.54%	4.50	4.50
	Sundaram-Clayton (USA) Limited, Illinois, USA (Cost Rs.5572.75)	Subsidiary	100	100	100%	100%	-	-
	Sundaram Holding USA Inc., Delaware,USA (Cost Rs.16758/-)	Subsidiary	250	-	25%	-	-	-
	TVS Training and Services Limited, Chennai	Associate	27,63,359	20,00,000	30.53%	30.53%	2.76	2.00
	Sundram Non Conventional Energy Systems Limited, Chennai	Associate	1,17,650	1,17,650	23.53%	23.53%	0.12	0.12
	Sai Regency Power Corporation Private Limited, Chennai (vide note no XXII (1) (m) - AS 13)	Others	3,75,000	3,75,000	-	-	0.38	0.38
	<b>Total (a)</b>						27.82	27.06
(b)	Investment in Preference shares - Fully paid-up							
	Unquoted							
	TVS Motor Services Limited, Chennai - Non Cumulative Redeemable Preference Shares	Others	1,00,00,000	1,00,00,000	-	-	10.00	10.00
	<b>Total (b)</b>						10.00	10.00
(c)	Investments in Private equity instruments - Unquoted							
	TVS Shriram Growth fund Scheme 1A of TVS Capital Funds Limited, Chennai	Others	80,387.55	85,516.22	-	-	8.04	8.55
	TVS Shriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai (vide note no.XXII (3)(ii))	Others	75,000	30,000	-	-	7.50	3.00
	<b>Total (c)</b>						15.54	11.55
	<b>Total A (a+b+c)</b>						53.36	48.61

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

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

Sl. No.	Name of the body corporate	Subsidiary/ associate/ JV/controlled entity	No. of shares / units		Extent of holding (%)		Rupees in Crores	
			As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>B.</b>	<b>Other Investments</b>							
(a)	Equity instruments - Partly paid-up- Unquoted Adyar Property Holding Company Limited, Chennai- Cost Rs. 6825	Others	105	105	-	-	-	-
(b)	Employees pension related ICICI Prudential Life Insurance Company Limited, Mumbai	Others	-	-	-	-	4.45	4.45
	Life Insurance Corporation of India, Chennai	Others	-	-	-	-	8.25	8.25
(c)	5 Years National Savings Certificate VIII Issue (in the name of the nominee) - Face value - Rs.10,000	Others	-	-	-	-	-	-
	<b>Total B (a + b + c)</b>						<b>12.70</b>	<b>12.70</b>
	<b>Total (A) + (B)</b>						<b>66.06</b>	<b>61.31</b>

Note: All investments are carried at cost.

#### Summary of non-current investments

(Rupees in crores)

Sl. No.	Particulars	As at 31.03.2016		As at 31.03.2015	
		Cost	Market value	Cost	Market value
(a)	Quoted investments	20.06	8,878.13	20.06	7,269.78
(b)	Unquoted investments	46.00	-	41.25	-
	<b>Total</b>	<b>66.06</b>	<b>8,878.13</b>	<b>61.31</b>	<b>7,269.78</b>

(Rupees in crores)

As at 31.03.2016                      As at 31.03.2015

### X. LONG-TERM LOANS AND ADVANCES

Unsecured, considered good

(a) Capital advances	3.49	2.61
(b) Deposits made	20.39	21.10
<b>Total</b>	<b>23.88</b>	<b>23.71</b>

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

(a) Raw Materials and components *	20.73	26.20
(b) Goods-in transit- Raw Materials and components *	4.73	4.12
(c) Work-in-process *	20.81	18.89
(d) Finished goods *	108.08	98.21
(e) Stores and spares *	62.60	52.42
<b>Total</b>	<b>216.95</b>	<b>199.84</b>

Note: Work-in-process comprises of:

(a) Semi finished castings pending for machining / under inspection	18.95	16.77
(b) Semi finished machined products	1.86	2.12
	<b>20.81</b>	<b>18.89</b>

\* as certified by Chairman & Managing Director

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

	(Rupees in crores)	
	As at 31.03.2016	As at 31.03.2015
<b>XII. TRADE RECEIVABLES</b>		
(a) Unsecured debts outstanding for a period exceeding six months from the date they are due for payment.		
(i) Considered good	–	–
(ii) Considered doubtful	2.16	2.57
	<u>2.16</u>	<u>2.57</u>
Less: Provision for doubtful debts	2.16	2.57
	<u>–</u>	<u>–</u>
(b) Other unsecured debts (considered good)	188.23	179.96
<b>Total</b>	<u>188.23</u>	<u>179.96</u>
<b>XIII. CASH AND CASH EQUIVALENTS</b>		
(a) Balances with banks	1.04	1.06
(b) Cheques / drafts on hand	0.14	0.14
(c) Cash on hand	0.17	0.16
(d) Earmarked balances with banks (for unpaid dividend)	1.46	0.74
<b>Total</b>	<u>2.81</u>	<u>2.10</u>
<b>XIV. SHORT TERM LOANS AND ADVANCES</b>		
Unsecured considered good:		
(a) Employee related	4.60	1.74
(b) Balance with Excise authorities	33.88	45.68
(c) Vendor advances	24.78	29.79
(d) Prepaid Expenses	5.87	4.33
(e) Export benefit	5.38	0.80
(f) Value Added Tax receivable	2.44	1.97
(g) Service Tax set off receivable	1.76	2.14
(h) Advance payment of tax (net of provision of Rs. 5.57 crores; PY Rs.5 crores)	7.19	5.54
<b>Total</b>	<u>85.90</u>	<u>91.99</u>
<b>XV. OTHER CURRENT ASSETS</b>		
(a) Claims receivable	4.62	0.01
(b) Premium on forward contracts	0.36	1.19
(c) Interest accrued on investments and Loans & advances	–	0.02
<b>Total</b>	<u>4.98</u>	<u>1.22</u>

## Sundaram-Clayton Limited

### Notes on accounts – (continued)

	(Rupees in crores)	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>XVI. REVENUE FROM OPERATIONS</b>		
(a) Sale of products	1,453.64	1,350.84
(b) Sale of services #	29.75	25.54
(c) Other operating revenues	45.28	39.60
	<u>1,528.67</u>	<u>1,415.98</u>
Less: Excise duty and service tax	113.91	69.87
<b>Total</b>	<u>1,414.76</u>	<u>1,346.11</u>
# Refer Note No. XXII(9) for broad head of sale of services		
<b>XVII. OTHER INCOME</b>		
(a) Interest income	0.76	0.72
(b) Dividend		
(i) From subsidiary	99.53	40.90
(ii) From others	0.92	0.91
(c) Net gain on sale of investments	0.91	–
(d) Profit on sale of fixed assets	0.29	0.38
(e) Net gain on foreign currency transactions and translation	–	12.09
<b>Total</b>	<u>102.41</u>	<u>55.00</u>
<b>XVIII. MATERIAL COST</b>		
a. Cost of Materials consumed		
Opening stock of raw materials and components	26.20	19.02
Add: Purchases	705.11	699.51
	<u>731.31</u>	<u>718.53</u>
Less: Closing stock of raw materials and components	20.73	26.20
Cost of materials consumed	<u>710.58</u>	<u>692.33</u>
b. Changes in inventories of finished goods, work-in-process and stock-in-trade:		
Opening stock:		
Work-in-process	18.89	22.95
Finished goods	98.21	96.50
Less: Excise Duty on Finished Goods	(0.68)	(0.58)
<b>Total (A)</b>	<u>116.42</u>	<u>118.87</u>
Closing stock:		
Work-in-process	20.81	18.89
Finished goods	108.08	98.21
Less: Excise Duty on Finished Goods	(0.75)	(0.68)
<b>Total (B)</b>	<u>128.14</u>	<u>116.42</u>
Changes in excise duty on opening and closing stock of finished goods (C)	(0.07)	(0.10)
Changes in inventories (A)-(B)+(C)	<u>(11.79)</u>	<u>2.35</u>
Refer to Note No. XXII(13)(I) for broad head of raw materials consumed		



## Sundaram-Clayton Limited

### Notes on accounts – (continued)

	(Rupees in crores)	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>XIX. EMPLOYEE BENEFITS EXPENSE</b>		
(a) Salaries and wages	166.73	148.06
(b) Contribution to provident and other funds	15.49	7.57
(c) Welfare expenses	28.27	27.57
<b>Total</b>	210.49	183.20
<b>XX. FINANCE COSTS</b>		
(a) Interest expense	23.07	28.51
(b) Other borrowing costs	0.93	0.20
(c) Exchange fluctuation	8.83	8.17
<b>Total</b>	32.83	36.88
<b>XXI. OTHER EXPENSES</b>		
(a) Consumption of stores, spares and tools*	75.01	68.46
(b) Power and fuel*	86.39	93.83
(c) Rent*	24.93	18.81
(d) Repairs - buildings*	18.92	16.04
(e) Repairs - plant and equipment*	32.12	25.80
(f) Repairs - others*	0.65	0.61
(g) Insurance	3.16	1.75
(h) Rates and taxes, excluding, taxes on income	1.13	2.55
(i) Audit fees (Vide Note No XXII (4) in notes on accounts)	0.59	0.60
(j) Packing and freight charges*	63.78	52.82
(k) Warehousing charges	14.13	12.88
(l) Loss on sale of fixed assets	0.78	0.55
(m) Loss on foreign currency transactions and translation	1.65	–
(n) Corporate Social Responsibility Expenditure	0.47	0.36
(o) Miscellaneous expenses* (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.1 lakh, whichever is higher)	48.40	50.12
<b>Total</b>	372.11	345.18

\* Net of recoveries

## Sundaram-Clayton Limited

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

(Rupees in crores)

As at / Year ended	As at / Year ended
31.03.2016	31.03.2015

#### PREAMBLE:

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

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

#### 1 Accounting Standards

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

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

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

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

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

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

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

Disclosure of contingencies as required by the Accounting Standard is furnished in Note no - 3 (i)

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

i) Exceptional Item - Profit on sale of land	6.03	3.06
ii) Prior period debits included in statement of profit and loss:		
Employee benefits expense	0.01	0.01
Other expenses	0.01	0.08
iii) There is no change in accounting policies.		

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

This standard is withdrawn from 30.03.2016 and is clubbed with accounting standard - 10

##### g) AS - 7 Construction contracts

This accounting standard is not applicable.

##### h) AS - 8 Research and Development

This accounting standard is withdrawn.

##### i) AS - 9 Revenue recognition

The income of the company is derived from sale of gravity and pressure die-castings and from rendering of services.

- (a) Sale of products is recognised when goods are despatched through nominated logistics.
- (b) Income from services are recognised on completion of services and when invoices are raised
- (c) Export sales are recognised on the basis of LET export certificates

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

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

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

## Sundaram-Clayton Limited

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

(Rupees in crores)

As at / Year ended 31.03.2016	As at / Year ended 31.03.2015
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**j) AS - 10 Property, Plant and Equipment (Accounting for Fixed Assets and Depreciation)**

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

Depreciation has been provided under the straight line method based on the useful life as per the requirements of Schedule II of the Companies Act, 2013

The Company has evaluated the useful life of all the assets through a Chartered Engineer and that useful life has been considered for providing depreciation charge.

The estimated useful life of the Tangible fixed assets is given below :

Description	Years
Factory Building and other Building	- 30 to 64
Plant and Equipment	- 8 to 21
Electrical Equipment	- 15
Furniture and Fixtures	- 10
Computers	- 3
Mobile Phone	- 1
Vehicles	- 6

In respect of assets sold during the year, pro-rata depreciation has been provided.

Assets acquired during the year and whose cost is less than Rs.5,000/- are fully depreciated.

Component Accounting - useful life of whole asset and part of the asset.

In respect of all depreciable assets it was noticed that useful life of part of the asset is not significantly different from the "whole of the asset". Accordingly, measurement of depreciation is same for component asset and whole of the asset.

Amortization of dies:

Till last year dies were amortised on the basis of shot each die has undergone over the estimated number of shots for which each such die will last. From 01.04.2015, the amortisation has been measured taking into account also the recovery from the customer and where full recovery of cost of die has been made from customer residual value is also amortised.

This method has resulted in additional amortisation of Rs.2.50 Crores.

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

**Foreign currency transactions**

Income and expenses in foreign currencies are converted at exchange rates prevailing on the date of the transaction.

Foreign currency monetary assets, liabilities and loans are translated at the exchange rate prevailing on the balance sheet date.

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

Gain / (Loss) arising from changes in foreign exchange rates relating to depreciable capital assets reduced / added to carrying cost of such assets	(3.48)	2.46
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**a) Derivative instruments:**

Derivative contracts are entered into by the company only based on underlying exposures.

The company has not entered into any derivative contracts of a speculative nature.

## Sundaram-Clayton Limited

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

(Rupees in crores)

As at / Year ended 31.03.2016	As at / Year ended 31.03.2015
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**b) Currency Option:**

The Company has entered into a principal only swap in respect of the FCNR(B) loan of USD-10 Million availed.

Net gain / (loss) on foreign exchange fluctuation credited / debited to statement of profit and loss - under Other income / expenses

	(1.65)	12.09
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**l) AS - 12 Accounting for Government grants**

The company has not received any grants from the Government.

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

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

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

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

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

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

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

During the year there was no amalgamation.

**o) AS - 15 Employee benefits**

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

**A Defined contribution plans**

Contribution to provident fund is in the nature of defined contribution plan and are made to a recognised trust. The Company's Provident Fund is exempted under section 17 of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952:

Exemption was granted subject to the condition that the employer shall make good deficiency, if any, in the interest rate declared by the Trust vis-à-vis statutory rate. If any such deficiency is determined, the same will be made good by the employer.

**B Defined benefit plan**

(a) The company extends defined benefit plans in the form of leave salary to employees. In addition, the company also extends pension to senior managers of the company. Provision for leave salary and pension is made on actuarial valuation basis.

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

**C Disclosure as required by Accounting Standard 15**

	Leave salary	Pension	Gratuity
(a) Expenses recognised in the Statement of Profit and Loss			
(i) Current service cost	0.09	1.31	1.08
(ii) Interest cost	0.27	1.84	0.87
(iii) Expected return on plan assets	-	-	(1.21)
(iv) Net actuarial loss /(gain) recognised in the year	0.14	1.65	2.21
<b>Total</b>	<b>0.50</b>	<b>4.80</b>	<b>2.95</b>

## Sundaram-Clayton Limited

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

(Rupees in crores)

C Disclosure as required by Accounting Standard 15 - (continued)

	Leave salary	Pension	Gratuity
(b) Change in defined benefit obligation during the year ended 31 <sup>st</sup> March 2016			
(i) Present value of obligation as at beginning of the year 1 <sup>st</sup> April 2015	3.40	23.02	10.94
(ii) Interest cost	0.27	1.84	0.87
(iii) Current service cost	0.09	1.31	1.08
(iv) Benefits paid	–	–	(0.81)
(v) Actuarial loss on obligation	0.14	1.65	2.21
(vi) Present value of obligation as at the end of the year 31 <sup>st</sup> March 2016	<u>3.90</u>	<u>27.82</u>	<u>14.29</u>
(c) Change in fair value of plan assets during the year ended 31 <sup>st</sup> March 2016			
(i) Fair value of plan assets at the beginning of the year 1 <sup>st</sup> April 2015	–	–	13.66
(ii) Expected return on plan assets	–	–	1.21
(iii) Contributions made during the year	–	–	1.90
(iv) Benefits paid	–	–	(0.81)
(v) Actuarial gain on plan assets	–	–	–
(vi) Fair value of plan assets as at the end of the year 31 <sup>st</sup> March 2016	<u>–</u>	<u>–</u>	<u>15.96</u>
(d) Balance Sheet movements			
(i) Value of benefit obligations / (net assets) at the beginning of the year 1 <sup>st</sup> April 2015	3.40	23.02	(1.30)
(ii) Contributions made during the year	–	–	1.90
(iii) Expenses	0.50	4.80	2.95
(iv) Benefits paid	–	–	(0.81)
(v) Value of benefit	<u>3.90</u>	<u>27.82</u>	<u>2.74</u>
Note: The net asset in respect of gratuity plan is not recognised as it is lying in irrevocable trust fund approved by Income tax authorities.			
(e) Actuarial assumptions			
(i) Discount rate used	8.00%	8.00%	8.00%
(ii) Expected return on plan assets	NA	NA	8.88%

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

**p) AS - 16 Borrowing costs**

The borrowing cost has been treated in accordance with Accounting Standard on borrowing cost (AS 16) issued by the Institute of Chartered Accountants of India. During the year, a sum of Rs.0.43 crores (last year Rs 0.10 crores) being interest on borrowings attributable to qualifying assets have been capitalised under the various heads.

**q) AS - 17 Segment reporting**

The company operates in only one segment viz., Automotive Components and there are no separate reportable segments.

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

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

## Sundaram-Clayton Limited

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

(Rupees in crores)

As at / Year ended 31.03.2016	As at / Year ended 31.03.2015
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**s) AS - 19 Accounting for leases**

The company has taken the following assets under operating lease

**1. Vehicle**

The lease period is for 60 months.

**The details of maturity profile of future operating lease payments are furnished below:**

a. The total of future minimum lease payments under non-cancellable operating lease for each of the following periods:		
- Not later than one year	1.80	0.64
- Later than one year and not later than five years	3.55	1.58
- Later than five years	–	–
b. Total of minimum sub-lease payments expected to be received under non-cancellable sub-leases at the Balance Sheet date	Not applicable	Not applicable
c. Lease payments recognised in the Statement of Profit and Loss for the period under the head rent paid	1.07	0.42

**2. Plant & Equipment, Electrical Equipments and other Equipments**

The lease period is for 10 years.

**The details of maturity profile of future operating lease payments are furnished below:**

a. The total of future minimum lease payments under non-cancellable operating lease for each of the following periods:		
- Not later than one year	21.13	19.93
- Later than one year and not later than five years	46.12	66.83
- Later than five years	0.06	0.17
b. Total of minimum sub-lease payments expected to be received under non-cancellable sub-leases at the Balance Sheet date	Not applicable	Not applicable
c. Lease payments recognised in the Statement of Profit and Loss for the period under the head rent paid	19.96	13.66

**t) AS - 20 Earnings Per Share (EPS)**

Earnings per share is calculated by dividing the profit attributable to the shareholders by the number of equity shares outstanding as at the close of the year :

Profit after tax	139.60	71.16
Number of equity shares	2,02,32,085	2,02,32,085
Face value of the share (in rupees)	5	5
Weighted average number of equity shares	2,02,32,085	2,02,32,085
Basic and diluted Earnings per share (in rupees)	69.00	35.19

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

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

## Sundaram-Clayton Limited

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

(Rupees in crores)

	As at / Year ended 31.03.2016	As at / Year ended 31.03.2015
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**v) AS - 22 Accounting for taxes on income**

Current tax is determined as per the provisions of section 115JB of the Income Tax Act, 1961.

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

Deferred tax liabilities

Tax on depreciation - timing difference

	A	<u>40.65</u>	<u>35.25</u>
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Less: Deferred tax assets

On employee related schemes

		11.08	9.27
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On other provision which will be allowed on payment basis like provision for warranty, provision for doubtful debts, deductions for demerger expenses etc.

		<u>3.30</u>	<u>3.71</u>
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**Total**

	B	<u>14.38</u>	<u>12.98</u>
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Net Deferred Tax Liability

	C = A - B	<u>26.27</u>	<u>22.27</u>
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**w) AS - 23 Accounting for Investments in Associates in Consolidated Financial Statements**

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

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

III) The Company holds 30.53% of the paid up Equity Capital of TVS Training & Services Limited, Chennai (TVSTS) Hence, TVSTS is an associate of the Company.

**x) AS - 24 Discontinuing operations**

The Company has not discontinued any operation during the year.

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

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

**z) AS - 26 Intangible Assets**

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

Software :

- Useful life of the assets
- Amortisation rates used

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

## Sundaram-Clayton Limited

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

		(Rupees in crores)	
		As at / Year ended 31.03.2016	As at / Year ended 31.03.2015
-	Gross carrying amounts at the beginning and at the end of the period together with additions and deletions during the year		
	Opening balance	5.98	4.88
	Additions during the year	2.20	1.10
	Total	8.18	5.98
	Amortisation		
	Opening balance	5.39	4.53
	For the year	0.86	0.86
	Total amortisation	6.25	5.39
	Closing balance	1.93	0.59
		(A)	
		(B)	
		(A - B)	
<b>aa)</b>	<b>AS - 27 Financial reporting of interest in joint ventures</b>		
	There is no joint venture.		
<b>ab)</b>	<b>AS - 28 Impairment of Assets</b>		
	No asset is impaired during the year as the carrying amount of all assets are more than the recoverable value.		
<b>ac)</b>	<b>AS - 29 Provisions, contingent liabilities and contingent assets</b>		
	(i) Provisions		
	a. The management has made an estimated warranty provision of Rs.4.25 crores (previous year - Rs. 4.06 crores)		
	b. The retrospective amendment to the payment of Bonus Act, 1965 (effective from 01-04-2014) enhancing the ceiling limit to Rs.7,000/- per month per employee or aggregate of minimum wages per month which ever is higher, is contested by the Company through a writ before High Court of Judicature at Madras. Hence, the bonus payable with retrospective effect of approximately Rs.2.28 Crores is not provided in the accounts. The prospective effect of amendment effective from 01.04.2015 is provided for.		
	(ii) Contingent liabilities		
	Amount for which the company is contingently liable is disclosed in Note No. XXII (3).		
	(iii) Contingent assets		
	Contingent assets which are likely to give rise to possibility of inflow of economic benefits - NIL		
	(iv) Contested liabilities are detailed in Note No. XXII (7).		
<b>2</b>	Trade payables include amount due to micro and small scale industrial units	2.19	2.35
	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)	2.19	2.35
	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



## Sundaram-Clayton Limited

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

	(Rupees in crores)	
	As at / Year ended 31.03.2016	As at / Year ended 31.03.2015
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
<b>3 (i) Contingent liability not provided for</b>		
a) On counter-guarantee given to bank	6.65	7.72
b) On letters of credit opened with banks	81.76	51.90
c) On partly paid shares (Adyar Property Holding Company Limited, Chennai- Rs.3675/-)	–	–
d) Capital commitments not provided	33.66	10.57
e) On guarantee furnished on behalf of employees	–	–
f) On account of future export obligations (under Export Promotion Capital Goods scheme and Advance Licence)	37.68	58.90
<b>(ii) Commitment not provided for</b>		
On commitment for capital contribution to TVS Shriram Growth Fund Scheme IB of TVS Capital Funds Limited, Chennai	–	4.50
<b>4 Audit fees consist of</b>		
a) Audit fees	0.32	0.27
b) Certification fees	0.03	0.04
c) Taxation matters	0.06	0.06
d) Other services	0.15	0.17
e) Reimbursement of expenses	0.03	0.06
<b>5 Contribution to provident and other funds include</b>		
(a) Gratuity as per scheme framed by Life Insurance Corporation of India (LIC)	2.06	0.68
(b) Pension fund	4.80	1.64
(c) Deposit linked insurance as per scheme framed by LIC	0.19	0.22

## Sundaram-Clayton Limited

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

	(Rupees in crores)	
	As at / Year ended 31.03.2016	As at / Year ended 31.03.2015
<b>6 Repairs include</b>		
Stores consumed	11.15	6.90
<b>7 Liability contested and not provided for</b>		
a) Excise duty	0.06	0.22
b) Service tax	5.72	5.75
c) Income Tax	5.83	8.35
d) Value Added Tax	0.16	–
e) Others	0.70	0.84
<b>8 Research and development expenditure incurred and claimed under Income Tax Act, 1961</b>		
a) Revenue Expenditure - This consists of		
Salaries & wages	4.65	3.96
Materials/consumables/spares	0.02	0.21
Repairs and maintenance	0.04	0.19
Software / data processing	1.15	0.16
Foreign and inland travel	0.22	0.08
Administrative and other expenses	0.06	–
Power	0.29	0.32
<b>Total - A</b>	<b>6.43</b>	<b>4.92</b>
b) Capital expenditure		
Plant & Equipment (included in total cost of additions of Rs.85.02 Cr under Plant and Equipment, Dies & Jigs)	1.25	0.32
Others	0.17	–
<b>Total - B</b>	<b>1.42</b>	<b>0.32</b>
<b>Total expenditure (A + B)</b>	<b>7.85</b>	<b>5.24</b>
<b>9 Sale of services</b>		
a) Management services	29.06	24.85
b) Others	0.69	0.69
<b>Total</b>	<b>29.75</b>	<b>25.54</b>

## Sundaram-Clayton Limited

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

(Rupees in crores)

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

Particulars	Name of the Company	Amount outstanding as on 31-03-2016	Maximum amount due at any time during the year	Amount outstanding as on 31-03-2015
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	TVS Motor Company Limited, Chennai (27,26,82,786 equity shares of Re.1/- each fully paid up)	19.59	19.59	19.59
	Sundaram-Clayton (USA) Limited, Chicago, Illinois, USA (100 equity shares of USD 1 each fully paid up)	0.001	0.001	0.001
	Sundaram Holding USA Inc., Delaware USA (250 Equity Shares of USD-1 each fully paid-up)	0.002	0.002	–
(ii) In associate companies	Sundram Non-Conventional Energy Systems Limited, Chennai (1,17,650 Equity shares of Rs 10/- each fully paid-up)	0.12	0.12	0.12
	TVS Training and Services Limited, Chennai (27,63,359 Equity shares of Rs 10/- each fully paid-up)	2.76	2.76	2.00

## Sundaram-Clayton Limited

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

#### 11 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) Sundaram-Clayton (USA) Limited, Illinois, USA</li> <li>(v) TVS Motor (Singapore) Pte. Limited, Singapore - (TVSM Singapore) - Subsidiary of TVSM</li> <li>(vi) PT TVS Motor Company Indonesia, Jakarta - Subsidiary of TVSM Singapore</li> <li>(vii) TVS Motor Company (Europe) B.V. Amsterdam - (TVSM Europe) - Subsidiary of TVSM</li> <li>(viii) Sundaram Holding USA.Inc., Delaware USA.,</li> <li>(ix) Sundaram Business Development Consulting (Shanghai) Co.Ltd., China - Subsidiary of TVSM</li> </ul>
d)	Fellow Subsidiaries	<ul style="list-style-type: none"> <li>(I) Indian Companies               <ul style="list-style-type: none"> <li>(i) Lucas Indian Service Limited, Chennai</li> <li>(ii) Lucas-TVS Limited, Chennai</li> <li>(iii) NK Telecom Products Limited, Madurai</li> <li>(iv) NK Telesystems Limited, Madurai</li> <li>(v) NSM Holdings Limited, Madurai</li> <li>(vi) Rajgarhia Automobile Solution Limited, Kolkata</li> <li>(vii) Southern Roadways Limited, Madurai</li> <li>(viii) Sundaram Industries Private Limited, Madurai</li> <li>(ix) Sundaram Textiles Limited, Madurai</li> <li>(x) The Associated Auto Parts Private Limited, Mumbai</li> <li>(xi) TVS Automobile Solutions Limited, Madurai</li> <li>(xii) TVS Automotive Systems Limited, Chennai</li> <li>(xiii) TVS Interconnect Systems Private Limited, Madurai</li> <li>(xiv) Prime Property Holdings Limited, Chennai</li> <li>(xv) Sundaram Investment Limited, Chennai</li> <li>(xvi) Sundaram Engineering Products Services Limited, Chennai (Amalgamated on 17.02.2016)</li> <li>(xvii) TVS Capital Funds Limited, Chennai (previously known as TVS Investments Limited), Chennai</li> <li>(xviii) TVS Electronics Limited, Chennai</li> <li>(xix) TVS-E Access (India) Limited, Chennai (under voluntary winding up)</li> <li>(xx) Pusam Rubber Products Limited, Madurai</li> <li>(xxi) Uthiram Rubber Products Limited, Madurai.</li> <li>(xxii) Essex Automobile Solutions Limited, Gujarat</li> </ul> </li> </ul>

## **Sundaram-Clayton Limited**

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

- (xxiii) TVS Insurance Broking Limited, Chennai  
(Previously known as Navratna Insurance Broking Limited)
- (xxiv) Focuz Automobile Services Limited, Kerala
- (xxv) TVS All Car Services Private Limited  
(Previously known as SANRAV Automobile Solutions (Chennai) Private Limited), Madurai
- (xxvi) NCR Autocars Limited, New Delhi.
- (xxvii) Gallant E-Access Private Limited, New Delhi. (under voluntary winding up)
- (xxviii) Myers Tyre Supply (India) Limited (Formerly GS Automotive Service Equipments (Chennai) Limited), Madurai (name change effective 14.10.2015)
- (xxix) TVS TWG Warranty Solutions Limited, Madurai
- (xxx) TVS Auto Assist (India) Limited, Chennai (formerly Auto Assist (Chennai) Limited)
- (xxxi) TVS Elastomeric Engineered Products Private Limited, Madurai
  
- (II) Overseas Company
  - (i) Sundaram Lanka Tyres Limited, Colombo, Sri Lanka
  - (ii) Focuz Partsmart Limited
  - (iii) TVS Europe Distribution Limited, UK
  - (iv) Europe Africa Distribution Limited, UK
  - (v) TVS Distribution and Services Middle East FZE, Dubai, UAE
  - (vi) Universal Components, UK
  - (vii) Wrea Hurst Parts Distribution Ltd, UK
  - (viii) Universal Components USA Inc, USA
  - (ix) Kellett (UK) Ltd, UK
  - (x) Universal Components UK (Corporate Trustee) Ltd, UK
  - (xi) Reflected Light Ltd, UK
  - (xii) European Truck and Trailer Ltd, UK
  - (xiii) Pollard Beaumont Ltd, UK
  - (xiv) Africa Truck Distribution Holdings Pty Ltd, South Africa
  - (xv) Africa Truck Distributor Pty Ltd, South Africa
  
- e) Associate companies
  - (i) Sundram Non-Conventional Energy Systems Limited, Chennai
  - (ii) Emerald Haven Realty Limited, Chennai
  - (iii) TVS Training and Services Limited, Chennai
  
- f) Key Management Personnel (KMP)
  - (i) Mr Venu Srinivasan, Chairman and Managing Director
  - (ii) Dr. Lakshmi Venu, Joint Managing Director
  - (iii) Mr. Sudarshan Venu, Joint Managing Director
  
- g) Relatives of KMP
  - Mrs. Mallika Srinivasan
  
- h) Enterprise over which KMP and their relatives have significant influence.
  - Harita-NTI Limited, Chennai

## Sundaram-Clayton Limited

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

#### 12 Related party transactions

(Rupees in crores)

Sl. No	Nature of transactions	Name of the Company	Holding Company	Subsidiaries	Fellow Subsidiary	Associates	KMP-Significant influence	KMP	Relative of KMP	Total
1	Purchase of goods	T V Sundram Iyengar & Sons Private Limited, Madurai	0.16	–	–	–	–	–	–	0.16
		Harita-NTI Limited, Chennai	–	–	–	–	3.59	–	–	3.59
			0.16 (0.06)	–	–	–	3.59 (3.13)	–	–	3.75 (3.19)
2	Sale of goods (including sub contract charges)	TVS Motor Company Limited, Chennai	–	300.59	–	–	–	–	–	300.59
			–	300.59 (291.24)	–	–	–	–	–	300.59 (291.24)
3	Purchase of power	Sundram Non Conventional Energy Systems Limited, Chennai	–	–	–	0.62	–	–	–	0.62
			–	–	–	0.62 (0.69)	–	–	–	0.62 (0.69)
4	Rendering of services	TVS Motor Company Limited, Chennai	–	23.95	–	–	–	–	–	23.95
		Sundaram Auto Components Limited, Chennai	–	3.66	–	–	–	–	–	3.66
		TVS Electronics Limited, Chennai	–	–	0.07	–	–	–	–	0.07
		Sundaram Investment Limited, Chennai (Rs.5,000/-)	–	–	–	–	–	–	–	–
		Harita-NTI Limited, Chennai	–	–	–	–	0.21	–	–	–
		–	27.61 (24.13)	0.07 (0.12)	–	0.21 (0.19)	–	–	27.89 (24.44)	
5	Receiving of services	Sundaram Auto Components Limited, Chennai	–	1.65	–	–	–	–	–	1.65
		Sundaram-Clayton (USA) Limited, Illinois, USA	–	0.02	–	–	–	–	–	0.02
		T V Sundram Iyengar & Sons Private Limited, Madurai	0.05	–	–	–	–	–	–	0.05
		TVS Training and Services Limited, Chennai	–	–	–	0.53	–	–	–	0.53
		TVS Motor Company Limited, Chennai	–	0.78	–	–	–	–	–	0.78
		TVS Electronics Limited, Chennai	–	–	0.92	–	–	–	–	0.92
		Lucas-TVS Limited, Chennai	–	–	0.01	–	–	–	–	0.01
				0.05 (0.19)	2.45 (2.64)	0.93 (1.00)	0.53 (0.31)	–	–	–
6	Lease rent paid	Sundaram Auto Components Limited, Chennai	–	0.01	–	–	–	–	–	0.01
	Lease rent received	Sundram Non-Conventional Energy Systems Limited, Chennai – Rs.48,000	–	–	–	–	–	–	–	–
			–	–	–	–	–	–	–	–
7	Remuneration paid		–	–	–	–	–	6.42 (4.14)	–	6.42 (4.14)

## Sundaram-Clayton Limited

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

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

(Rupees in crores)

Sl. No	Nature of transactions	Name of the Company	Holding Company	Subsidiaries	Fellow Subsidiary	Associates	KMP– Significant influence	KMP	Relative of KMP	Total	
8	Investments made	TVS Training & Services Limited	–	–	–	0.76	–	–	–	0.76	
		Sundaram Holding USA Inc., USA (USD–250, INR–16,758/–)	–	–	–	–	–	–	–	–	
			–	–	–	0.76	–	–	–	0.76	
9	Dividend received	Sundram Non–Conventional Energy Systems Limited, Chennai	–	–	–	0.24	–	–	–	0.24	
		TVS Motor Company Limited, Chennai	–	99.53	–	–	–	–	–	99.53	
			–	99.53 (40.90)	– (0.01)	0.24 (0.35)	–	–	–	–	99.77 (41.26)
10	Outstanding as on 31 <sup>st</sup> March 2016 Receivables	TVS Motor Company Limited, Chennai	–	29.83	–	–	–	–	–	29.83	
		Sundaram Auto Components Limited, Chennai	–	1.41	–	–	–	–	–	1.41	
		Sundaram Investment Limited, Chennai (Rs.5,725/–)	–	–	–	–	–	–	–	–	
		Sundaram Holding USA, Inc., USA	–	2.06	–	–	–	–	–	–	2.06
		Emerald Haven Realty Limited, Chennai	–	–	–	0.13	–	–	–	–	0.13
			–	33.30 (17.60)	– (0.02)	0.13	–	–	–	33.43 (17.62)	
11	Payables	TVS Electronics Limited , Chennai	–	–	0.07	–	–	–	–	0.07	
		T V Sundram Iyengar & Sons Private Limited, Madurai	0.01	–	–	–	–	–	–	–	0.01
		TVS Training and Services Limited, Chennai	–	–	–	0.01	–	–	–	–	0.01
		Sundram Non–Conventional Energy Systems Limited, Chennai	–	–	–	0.03	–	–	–	–	0.03
		Harita–NTI Limited, Chennai	–	–	–	–	0.25	–	–	–	0.25
		Key Management Personnel	–	–	–	–	–	3.78	–	–	3.78
			0.01	–	0.07	0.04	0.25	3.78	–	–	4.15
			(0.26)	(0.10)	(0.01)	(0.25)	(1.72)	–	–	(2.34)	

Previous year's figures are furnished in brackets

## Sundaram-Clayton Limited

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

		Year ended 31.03.2016		Year ended 31.03.2015
(Rupees in crores)				
<b>13</b>				
<b>I. RAW MATERIALS CONSUMED</b>				
1. a) Basic raw materials				
Aluminium alloys and ingots		627.46		653.58
b) Intermediates and components (which individually do not account for 10% or more of the total value of consumption)		83.12		38.75
		<u>710.58</u>		<u>692.33</u>
	% of total consumption		% of total consumption	
2. Consumption of raw materials and components				
a) Imported	71	501.21	77	531.00
b) Indigenous	29	209.37	23	161.33
	<u>100</u>	<u>710.58</u>	<u>100</u>	<u>692.33</u>
<b>II. CONSUMPTION OF MACHINERY SPARES</b>				
a) Imported	7	0.88	14	1.99
b) Indigenous	93	10.98	86	12.38
	<u>100</u>	<u>11.86</u>	<u>100</u>	<u>14.37</u>
<b>III. IMPORTS (CIF value)</b>				
a) Raw materials		532.68		538.51
b) Spares, stores and components		33.95		22.42
c) Capital goods		15.33		20.62
<b>IV. EXPENDITURE IN FOREIGN CURRENCY</b>				
a) Travel		1.50		1.08
b) Consultancy		0.19		2.52
c) Legal and trade marks		4.08		1.87
d) Subscriptions		0.19		0.16
e) Computer software		0.11		0.15
f) Rework charges		1.06		0.75
g) Interest on foreign currency loan		5.30		1.50
h) Warehousing fees		12.40		10.71
i) Salaries		1.87		1.67
j) Insurance		0.20		0.19
k) Rent		0.14		0.14
l) Training		0.12		1.11
m) Commission		1.84		0.97
n) Others		2.31		0.76



## Sundaram-Clayton Limited

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

	Year ended 31.03.2016	(Rupees in crores) Year ended 31.03.2015
<b>V. EARNINGS IN FOREIGN EXCHANGE</b>		
a) Exports (on FOB basis)	537.24	524.43
b) Freight recovery from customers	44.60	38.60
c) GSP refund received (included under Other Operating revenues)	2.49	–
d) Insurance recovery from customers	0.10	0.10
<b>VI. DISCLOSURE IN RESPECT OF DERIVATIVE INSTRUMENTS</b>		
a) Derivative instruments outstanding:		
(i) Forward contracts	45.27	169.15
(ii) Principal Only Swap	145.76	62.50
(iii) Interest Rate Swap	0.25	–
b) Foreign Currency exposures that are not hedged by derivative instruments:		
(i) Interest on Foreign Currency Loans	0.06	0.19
(ii) Others	10.56	1.31
<b>14</b> Expenditure incurred on Corporate Social Responsibility (CSR) activities :		
(a) Gross amount required to be spent during the year is Rs.0.46 Crores.		
(b) Amount spent during the year :		
1 Construction / acquisition of any asset	0.00	0.00
2 On purpose other than (1) above - in cash	0.47	0.36

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

	<b>venu srinivasan</b> <i>Chairman &amp; Managing Director</i>	<b>Dr. LAKSHMI VENU</b> <i>Joint Managing Director</i>	As per our report annexed For SUNDARAM & SRINIVASAN <i>Chartered Accountants</i> Firm Regn. No. 004207S
Chennai 12 <sup>th</sup> May 2016	<b>V N VENKATANATHAN</b> <i>Chief Financial Officer</i>	<b>R RAJA PRAKASH</b> <i>Company Secretary</i>	<b>M BALASUBRAMANIAM</b> <i>Partner</i> Membership No. F7945

## Sundaram-Clayton Limited

### Cash Flow Statement for the year ended 31<sup>st</sup> March 2016

	(Rupees in crores)	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	154.03	84.41
Add: Depreciation and amortisation for the year	54.95	59.82
Exceptional Income	(6.03)	(3.06)
Loss on sale / scrapping of fixed assets	0.78	0.55
Profit on sale of fixed assets	(0.29)	(0.38)
Profit on sale of investment	(0.91)	–
Dividend income	(100.45)	(41.81)
Interest income	(0.76)	(0.72)
Interest expense	23.07	28.51
	(29.64)	42.91
<b>Operating profit before working capital changes</b>	<b>124.39</b>	<b>127.32</b>
Adjustments for:		
Trade Receivables	(8.27)	2.20
Inventories	(17.11)	(10.39)
Other current assets	(3.76)	0.80
Short-term loans and advances	7.74	(12.19)
Trade Payables	30.34	(10.64)
Other Current liabilities (excluding current maturities of debt)	0.93	(4.44)
Short-Term Provisions	7.59	(3.20)
	17.46	(37.86)
Cash generated from operations	141.85	89.46
Direct taxes paid	(11.04)	(3.99)
<b>Net cash from operating activities</b> (A)	<b>130.81</b>	<b>85.47</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to fixed assets (including Capital work in progress)	(102.03)	(77.53)
Sale of fixed assets	6.98	4.10
Long-term loans and advances	(0.17)	(4.79)
Purchase of investments	(5.26)	(5.36)
Sale of investments	1.42	–
Interest received	0.76	0.72
Dividend received	100.45	41.81
<b>Net Cash from / (used in) investing activities</b> (B)	<b>2.15</b>	<b>(41.05)</b>

## Sundaram-Clayton Limited

### Cash Flow Statement for the year ended 31<sup>st</sup> March 2016 (continued)

		(Rupees in crores)	
		Year ended 31.03.2016	Year ended 31.03.2015
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net Borrowings:			
Term loans availed / (repaid)		28.47	2.26
Unsecured loan availed / (repaid)		33.89	1.60
Long term provisions		(2.10)	1.69
Interest paid		(23.07)	(28.51)
Dividend and dividend tax paid		(95.15)	(39.45)
<b>Net cash from financing activities</b>	<b>( C )</b>	<u>(57.96)</u>	<u>(62.41)</u>
<b>D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	<b>(A+B+C)</b>	<u>75.00</u>	<u>(17.99)</u>
Cash and cash equivalents at the beginning of the year			
Cash and Bank balances	2.10	5.42	
Cash credit balance	(140.71)	(126.04)	
		<u>(138.61)</u>	<u>(120.62)</u>
Cash and cash equivalents at the end of the year			
Cash and Bank balances	2.81	2.10	
Cash credit balance	(66.42)	(140.71)	
		<u>(63.81)</u>	<u>(138.61)</u>

Notes:

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

	<b>venu srinivasan</b> <i>Chairman &amp; Managing Director</i>	<b>Dr. LAKSHMI VENU</b> <i>Joint Managing Director</i>	As per our report annexed For SUNDARAM & SRINIVASAN <i>Chartered Accountants</i> Firm Regn. No. 004207S
Chennai 12 <sup>th</sup> May 2016	<b>V N VENKATANATHAN</b> <i>Chief Financial Officer</i>	<b>R RAJA PRAKASH</b> <i>Company Secretary</i>	<b>M BALASUBRAMANIAM</b> <i>Partner</i> Membership No. F7945

**Consolidated Financial Statements**  
**of**  
***Sundaram-Clayton Limited***

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Independent Auditor's report on the consolidated financial statements of Sundaram-Clayton Limited, Chennai for the year ended 31<sup>st</sup> March 2016

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

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Sundaram-Clayton Limited, Chennai (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its associates, comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and 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 for preventing and detecting frauds and other irregularities; the 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Opinion

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 Act in the manner so required and give a true and fair view in conformity with the 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, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

#### Other Matters

- (a) We did not audit the financial statements of six numbers of subsidiaries whose financial statements reflect total assets of Rs.5,552.07 crores as at 31<sup>st</sup> March, 2016, total revenues of Rs.11,405.79 crores and net cash inflow amounting to Rs. 25.51 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 profit of Rs. 3.90 crores for the year ended 31<sup>st</sup> March, 2016, as considered in the consolidated financial statements, in respect of two numbers of associates, whose financial statements have not been audited by us. These financial statements 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 and associates, and our report in terms of sub-section (3) 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.
- (b) We did not audit the financial statements of two overseas subsidiaries as at 31<sup>st</sup> March 2016 whose financial statements reflect total assets

## Consolidated Financial Statements of Sundaram-Clayton Limited

of Rs. 3.60 crores and total revenues of Rs. 0.02 crores and net cash outflows amounting to Rs. 0.42 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and 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, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

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 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 account 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 account 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2016 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, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on 31<sup>st</sup> March, 2016 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 Holding Company, its subsidiaries and its associates (incorporated in India) and the operating effectiveness of such controls, refer to our separate report in "Annexure 1".
- (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 and on consideration of the report of other auditors on separate financial statements of these subsidiaries and associates as noted in "Other Matters":
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates - refer note XXIV(4) to the consolidated financial statements.
  - ii. The Group and its associate entities did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - 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.

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

M. BALASUBRAMANIAM  
Partner  
Membership No. F7945

Place : Chennai  
Date : 12<sup>th</sup> May 2016

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Annexure - 1 to the Independent Auditor's report on the Consolidated Financial Statements of Sundaram-Clayton Limited, Chennai for the year ended 31<sup>st</sup> March 2016

#### 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, CHENNAI ("the Holding Company") and its subsidiary companies and its associate companies, which are companies incorporated in India, as of March 31, 2016 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on 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, are responsible for establishing and maintaining internal financial controls 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 (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 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 ICAI 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, both issued by the Institute of Chartered Accountants of India. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and Audit evidence obtained by the other auditors in terms of their reports referred to in the other matter paragraph below 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 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;

- I) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- II) 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
- III) 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 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.

## Consolidated Financial Statements of Sundaram-Clayton Limited

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### Opinion

In our opinion, the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, have, 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 March 31, 2016, 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.

### 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 insofar as it relates to two number of subsidiary companies and two numbers of associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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

Place : Chennai  
Date : 12<sup>th</sup> May 2016

M. BALASUBRAMANIYAM  
Partner  
Membership No. F7945



## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated Balance Sheet as at 31<sup>st</sup> March 2016

(Rupees in crores)

	Note number	As at 31.03.2016	As at 31.03.2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	I	10.12	10.12
(b) Reserves and surplus	II	1,392.00	1,278.45
<b>2 Share application money pending allotment</b>		–	–
<b>3 Minority Interest</b>		577.44	438.56
<b>4 Non-current liabilities</b>			
(a) Long-term borrowings	III	608.32	666.87
(b) Deferred tax liabilities (Net)	IV	211.08	182.49
(c) Other Long term liabilities	V	28.12	24.83
(d) Long-term provisions	VI	63.72	70.36
<b>5 Current liabilities</b>			
(a) Short-term borrowings	VII	571.15	685.09
(b) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises; and		51.06	38.16
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,692.81	1,580.80
(c) Other current liabilities	VIII	649.39	470.76
(d) Short-term provisions	IX	82.93	78.98
<b>Total</b>		5,938.14	5,525.47
<b>II. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	X	2,331.64	2,001.67
(ii) Intangible assets	X	51.12	35.40
(iii) Capital work-in-progress	X	69.02	102.25
(b) Goodwill on consolidation		3.28	3.28
(c) Non-current investments	XI	717.48	601.32
(d) Long-term loans and advances	XII	116.95	126.07
(e) Other non-current assets		–	–
<b>2 Current assets</b>			
(a) Inventories	XIII	1,228.91	1,216.67
(b) Trade receivables	XIV	646.41	576.85
(c) Cash and cash equivalents	XV	56.66	30.00
(d) Short-term loans and advances	XVI	646.78	756.23
(e) Other current assets	XVII	69.89	75.73
<b>Total</b>		5,938.14	5,525.47
Accounting Standards, additional disclosures and notes on accounts	XXIV		

VENU SRINIVASAN  
*Chairman & Managing Director*

Dr. LAKSHMI VENU  
*Joint Managing Director*

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

Chennai  
12<sup>th</sup> May 2016

V N VENKATANATHAN  
*Chief Financial Officer*

R RAJA PRAKASH  
*Company Secretary*

M BALASUBRAMANIAM  
*Partner*  
Membership No. F7945

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated Statement of Profit & Loss for the year ended 31<sup>st</sup> March 2016

		(Rupees in crores)	
	Note number	Year ended 31.03.2016	Year ended 31.03.2015
I	Revenue from operations	13,763.20	12,177.76
	Less: Excise duty and service tax	1,162.77	838.05
		<u>12,600.43</u>	<u>11,339.71</u>
II	Other income	41.54	37.52
III	Total Revenue (I + II)	<u>12,641.97</u>	<u>11,377.23</u>
IV	Expenses:		
	Cost of materials consumed	8,154.26	7,610.99
	Purchases of Stock-in-Trade	266.13	226.90
	Changes in inventories of finished goods, work-in-process and Stock-in-Trade	50.98	(114.65)
	Employee benefits expense	954.02	842.09
	Finance costs	100.34	98.99
	Depreciation and amortization expense	271.24	238.41
	Other expenses	2,284.70	2,057.69
	Total expenses	<u>12,081.67</u>	<u>10,960.42</u>
V	Profit before exceptional items and tax (III-IV)	560.30	416.81
VI	Exceptional items - Profit on sale of land & building	6.03	61.33
	Insurance claim	0.08	-
VII	Profit before tax (V + VI)	<u>566.41</u>	<u>478.14</u>
VIII	Tax expense:		
	(1) Current tax	129.18	106.53
	(2) Tax relating to earlier years	4.63	-
	(3) Deferred tax	28.59	30.71
IX	Profit for the period from continuing operations (VII-VIII)	<u>404.01</u>	<u>340.90</u>
X	Share of Profit of associates	4.23	4.29
XI	Profit for the period (IX + X)	<u>408.24</u>	<u>345.19</u>
XII	Relating to parent company	243.50	212.12
XIII	Relating to minority shareholders	164.74	133.07
XIV	Earnings per equity share		
	(1) Basic (in Rs.)	120.35	104.84
	(2) Diluted (in Rs.)	<u>120.35</u>	<u>104.84</u>
	Accounting Standards, additional disclosures and notes on accounts	XXIV	

VENU SRINIVASAN  
Chairman & Managing Director

Dr. LAKSHMI VENU  
Joint Managing Director

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

Chennai  
12<sup>th</sup> May 2016

V N VENKATANATHAN  
Chief Financial Officer

R RAJA PRAKASH  
Company Secretary

M BALASUBRAMANIAM  
Partner  
Membership No. F7945

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated notes on financial statements

Particulars	As at 31.03.2016		As at 31.03.2015	
	Number	Rupees in crores	Number	Rupees in crores
<b>I. SHARE CAPITAL</b>				
a) Details of authorised, issued and subscribed share capital				
<b>Authorised Capital</b>				
Equity Shares of Rs.5/- each	5,00,00,000	25.00	5,00,00,000	25.00
<b>Issued, Subscribed &amp; Paid up Capital</b>				
Equity Shares of Rs.5/- each fully paid	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				
Shares outstanding at the beginning of the year	2,02,32,085	10.12	2,02,32,085	10.12
Shares outstanding at the end of the year	2,02,32,085	10.12	2,02,32,085	10.12

(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 Shares	As at 31.03.2016		As at 31.03.2015	
			No. of shares held	% of holding	No. of shares held	% of holding
T V Sundram Iyengar & Sons Private Limited - Madurai	Holding company	Equity	38,07,330	18.82	38,07,330	18.82
Sundaram Industries Private Limited - 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 2016 (other than I(d) above)

Name of Shareholder	Class of Shares	As at 31.03.2016		As at 31.03.2015	
		No. of shares held	% of holding	No. of shares held	% of holding
Sundaram Finance Limited - Chennai	Equity	22,73,081	11.24	22,73,081	11.24
Reliance Capital Trustee Company Limited, Mumbai	Equity	1,032,338	5.10	-	-

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated notes on financial statements – (continued)

	(Rupees in crores)	
	As at 31.03.2016	As at 31.03.2015
<b>II. RESERVES AND SURPLUS</b>		
<b>a. Capital Reserves</b>	99.23	99.23
<b>b. Securities Premium</b>	36.42	36.42
<b>c. General reserve</b>		
Opening Balance	655.54	657.08
Add: Transfer from the statement of Profit and Loss (after minority interest)	–	7.12
Less: Additional depreciation consequent to adoption of revised useful life of depreciable assets as per Schedule II of the Companies Act, 2013	0.30	(1.54)
	<u>655.24</u>	<u>655.54</u>
Less: Capitalised by issue of Bonus shares	–	–
Closing Balance	<u>655.24</u>	<u>655.54</u>
<b>d. Foreign Currency Translation Reserve</b>		
Opening balance	41.16	13.01
Add: Additions during the year	–	28.15
Less: Written back in current year	67.89	–
Closing Balance	<u>(26.73)</u>	<u>41.16</u>
<b>e. Hedging reserve</b>		
Opening balance	1.62	3.65
Add: Additions during the year	0.38	–
Less: Utilised during the year	–	2.03
Closing Balance	<u>2.00</u>	<u>1.62</u>
<b>f. Revaluation reserve</b>		
Opening Balance	53.52	83.25
Add : Revaluation of land of one of the subsidiary	16.62	–
Less: Utilisation	–	29.73
Closing Balance	<u>70.14</u>	<u>53.52</u>
<b>g. Surplus i.e. balance in Statement of Profit and Loss</b>		
Opening balance	418.80	152.98
Add: Net Profit for the current year	408.24	345.19
	<u>827.04</u>	<u>498.17</u>
Less: Allocations / Appropriations		
Interim Dividend Paid	102.19	41.48
Interim Dividend payable	–	12.14
Dividend tax	23.87	18.63
Transfer to general reserve	–	7.12
Transfer to minority interest	145.28	27.84
Closing Balance	<u>555.70</u>	<u>390.96</u>
Total (a+b+c+d+e+f+g)	<u>1,392.00</u>	<u>1,278.45</u>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated notes on financial statements – (continued)

		(Rupees in crores)	
		As at 31.03.2016	As at 31.03.2015
<b>III. LONG-TERM BORROWINGS</b>			
(a) Secured			
Term loans			
	From banks	243.99	217.62
	From other than banks	157.08	157.08
(b) Unsecured			
	Sales Tax Deferral loan	204.64	226.70
	From other than banks	2.61	65.47
<b>Total</b>		<b>608.32</b>	<b>666.87</b>

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

(Rupees in crores)

Total of loans repayable	Loans repayable in 2015-16 (Current maturity)	Balance long term loans as at 31-03-2015	Description	Frequency	No. of instalments due	Maturity	Total of loans repayable	Loans repayable in 2016-17 (Current maturity)	Balance long term loans as at 31-03-2016
Secured:									
14.28	14.28	-	Term Loan I	Quarterly	4	February 2016	-	-	-
12.50	12.50	-	Term Loan II	Half Yearly	2	March 2016	-	-	-
64.17	23.36	40.81	Term Loan III	Quarterly	7	December 2017	40.84	23.36	17.48
56.75	45.40	11.35	Term Loan IV	Quarterly	1	April 2016	11.35	11.35	-
17.00	8.00	9.00	Term Loan V	Quarterly	4	March 2017	9.00	9.00	-
62.50	-	62.50	Foreign Currency Non-resident Borrowings (FCNR(B)) Loan	Bullet payment	NIL	July 2016 & Aug 2016	66.26	66.26	-
61.65	-	61.65	Foreign Currency Non-resident Borrowings (FCNR(B)) Loan	End of Tenure	1	July 2016	66.26	66.26	-
-	-	-	Foreign Currency Non-resident Borrowings (FCNR(B)) Loan	End of Tenure	1	November 2016	66.26	66.26	-
-	-	-	External Commerical Borrowing (ECB) #	End of Tenure	4	December 2018	132.51	-	132.51
-	-	-	External Commerical Borrowing (ECB) #	Bullet payment	NIL	Oct 2018, Nov 2018 & Mar 2019	79.51	-	79.51
52.15	24.98	27.17	Financial Institution	Half Yearly	4	March 2018	28.96	14.47	14.49
14.44	9.30	5.14	Term Loan VI	Monthly	11	February 2017	2.79	2.79	-
157.08	-	157.08	State owned corporation	Yearly	4	2022-27	157.08	-	157.08
1.21	1.21	-	Buyer's credit	Bullet payment	NIL	July 2014 to April 2015	-	-	-
Unsecured:									
44.30	6.33	37.97	Sales Tax Deferral Phase-1	Yearly	6	2020-21	37.97	6.33	31.64
188.73	-	188.73	Phase-2	Yearly	12	2027-28	188.73	15.73	173.00
62.20	-	62.20	Term Loan from NBFC				-	-	-
3.27	-	3.27	Soft loan from DSIR	Yearly			2.61	-	2.61
<b>812.23</b>	<b>145.36</b>	<b>666.87</b>	<b>Total</b>				<b>890.13</b>	<b>281.81</b>	<b>608.32</b>

#### Details of securities created

(i) Term Loans:

First and exclusive charge on specific plant and equipment situated at the Company's factories. Charge on pari-passu basis on the movable plant and equipment, spares, tools and accessories and other movables, both present and future situated in all plants, with the existing term loan lenders.

(ii) FCNRB and ECB Loan from Banks - Charge on specific plant and equipment

(iii) Soft loan from Department of Science & Industrial Research, Govt. of India (DSIR) is unsecured

(iv) Soft loan - State owned corporation viz., SIPCOT

First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of lands.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated notes on financial statements – (continued)

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

(v) Term loans from financial institution and bank of a subsidiary include:

- a) Loan from Financial institution of Rs. 52.15 Crores secured by collateral on property, plant and equipment of the subsidiary situated outside India.
- b) A loan of Rs.5.14 Crores in USD obtained from a bank collateralized by the subsidiary's new tooling and equipment.

# Repayment in 3 years from the date of draw down

Amount payable in each instalment

Description	Currency	Amount
Term Loan III	INR	5.84 crores
Term Loan IV	INR	11.35 crores
Term Loan V	INR	2.25 crores
Financial Institution	USD	1.1 million
Term Loan VI	USD	11 unequated monthly instalments
Sales tax deferral Phase-1	INR	6.33 crores
Sales tax deferral Phase-2	INR	15.73 crores
State owned corporation	INR	10.00 crores, 67.23 crores, 75.40 crores and 4.45 crores

	(Rupees in crores)	
	As at 31.03.2016	As at 31.03.2015
<b>IV. DEFERRED TAX LIABILITIES (NET)</b>		
Deferred Tax Liability		
on Depreciation	254.89	219.18
on Amortisation of Dies and Moulds	12.94	12.52
	267.83	231.70
Less: Deferred Tax Assets		
on expenses will be allowed only on Payment Basis	56.75	49.21
<b>Total</b>	211.08	182.49
<b>V. OTHER LONG TERM LIABILITIES</b>		
Due to Others - Purchase consideration payable	28.12	24.83
<b>Total</b>	28.12	24.83
<b>VI. LONG TERM PROVISIONS</b>		
(a) Employee benefits		
(i) Pension	44.15	53.89
(ii) Leave salary	17.62	14.52
(b) Others		
Sales Tax	1.95	1.95
<b>Total</b>	63.72	70.36

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated notes on financial statements – (continued)

	(Rupees in crores)	
	As at 31.03.2016	As at 31.03.2015
<b>VII. SHORT TERM BORROWINGS</b>		
(a) Secured		
From banks - repayable on demand	310.62	272.85
(b) Unsecured		
From banks	260.53	412.24
<b>Total</b>	571.15	685.09
Details of securities created for loans availed and referred to in VII(a) above: First charge by way of hypothecation of current assets viz., stocks of raw materials, semi finished and finished goods , stores and spares not relating to plant and equipment, bills receivable, book debts and all other movables located in all plants.		
<b>VIII. OTHER CURRENT LIABILITIES</b>		
(a) Current maturities of long-term debt		
Term loans	281.81	145.36
(b) Interest accrued but not due on borrowings	4.53	4.57
(c) Interest accrued and due on borrowings	0.10	0.20
(d) Unpaid dividends	5.86	3.20
(e) Others		
(i) Statutory Dues	127.10	99.50
(ii) Security deposits/ Trade deposits	33.90	42.63
(iii) Employee related	59.88	48.11
(iv) For expenses	4.70	17.49
(v) Advance received	110.77	101.12
(vi) Capital goods	20.74	8.58
<b>Total</b>	649.39	470.76
<b>IX. SHORT-TERM PROVISIONS</b>		
(a) Employee benefit	50.18	27.83
(b) Warranty	31.21	27.01
(c) Interim dividend payable	–	12.14
(d) Dividend tax payable	–	11.50
(e) Provision for taxation	1.54	0.50
<b>Total</b>	82.93	78.98

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated notes on financial statements – (continued)

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

(Rupees in crores)

Description	Tangible							Intangible (Software/Licence fees /intellectual property rights / goodwill)		Total (tangible and intangible)			
	Land		Buildings	Plant & equip- ment	Furniture & fixtures	Office equip- ment	Vehicles	Total as at		As at		As at	
	Free hold	Lease hold						31/03/ 2016	31/03/ 2015	31/03/ 2016	31/03/ 2015	31/03/ 2016	31/03/ 2015
Cost of assets													
As at 01-04-2015	244.70	30.88	576.36	3,025.64	43.95	86.79	33.18	4,041.50	3,700.52	74.78	52.01	4,116.28	3,752.53
Additions	26.55	-	96.00	480.60	4.72	14.54	3.51	625.92	434.78	35.53	22.77	661.45	457.55
Foreign exchange translation reserve adjustments	5.01	-	1.93	4.40	0.22	-	0.02	11.58	4.03	-	-	11.58	4.03
Sub-total	276.26	30.88	674.29	3,510.64	48.89	101.33	36.71	4,679.00	4,139.33	110.31	74.78	4,789.31	4,214.11
Sales / Deletion / Amortisation	(43.64)	(0.11)	(1.83)	(80.71)	(1.32)	(7.03)	(1.28)	(135.92)	(97.83)	(0.22)	-	(136.14)	(97.83)
Total	232.62	30.77	672.46	3,429.93	47.57	94.30	35.43	4,543.08	4,041.50	110.09	74.78	4,653.17	4,116.28
Depreciation and amortisation													
Upto 31-03-2015	-	0.95	153.01	1,783.19	21.77	64.13	16.78	2,039.83	1,814.72	39.38	31.75	2,079.21	1,846.47
Transfer during the year	-	-	-	(3.17)	-	-	-	(3.17)	-	3.17	-	-	-
For the year	-	0.13	22.71	210.91	5.71	11.29	3.84	254.59	230.78	16.65	7.63	271.24	238.41
Transfer to reserve	-	-	-	0.30	-	-	-	0.30	8.71	-	-	0.30	8.71
Foreign exchange translation reserve adjustments	-	-	0.72	2.07	0.21	-	0.01	3.01	5.95	-	-	3.01	5.95
Sub-total	-	1.08	176.44	1,993.30	27.69	75.42	20.63	2,294.56	2,060.16	59.20	39.38	2,353.76	2,099.54
Withdrawn on assets sold / deleted	-	-	(0.09)	(73.97)	(0.98)	(6.84)	(1.24)	(83.12)	(20.33)	(0.23)	-	(83.35)	(20.33)
Total	-	1.08	176.35	1,919.33	26.71	68.58	19.39	2,211.44	2,039.83	58.97	39.38	2,270.41	2,079.21
Written down value													
As at 31-03-2016	232.62	29.69	496.11	1,510.60	20.86	25.72	16.04	2,331.64	-	51.12	-	2,382.76	-
As at 31-03-2015	244.70	29.93	423.35	1,242.45	22.18	22.66	16.40	-	2,001.67	-	35.40	-	2,037.07
<b>CAPITAL WORK-IN-PROGRESS (AT COST)</b>													
(a) Building												8.50	0.76
(b) Plant, equipment & Others												60.52	101.49
Total												69.02	102.25

(Rupees in crores)

As at 31.03.2016                      As at 31.03.2015

#### XI. NON CURRENT INVESTMENTS

##### A Trade Investments

(a) Investment in Equity instruments	65.98	61.23
(b) Investment in Preference shares	567.71	467.71
(c) Investments in Private equity instruments	15.54	11.55
<b>Total (A)</b>	<b>649.23</b>	<b>540.49</b>

##### B Other Investments

(a) Investment in Equity instruments	-	-
(b) Employees pension related investments	40.13	36.00
(c) Investment Property	28.12	24.83
<b>Total (B)</b>	<b>68.25</b>	<b>60.83</b>
<b>Total (A) + (B)</b>	<b>717.48</b>	<b>601.32</b>



## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated notes on financial statements – (continued)

#### Details of Non-current Investments

Sl. No.	Name of the body corporate	Subsidiary/ associate/JV/ controlled entity	No. of Shares / Units		Extent of holding (%)		Rupees in crores	
			As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>A</b>	<b>Trade Investments</b>							
(a)	Investment in Equity Instruments - Fully paid-up							
(i)	Quoted							
	Suprajit Engineering Limited, Bengaluru	Others	5,772,000	5,772,000	-	-	0.43	0.43
	Harita Seating Systems Limited, Chennai	Others	7,280	7,280	-	-	0.04	0.04
	Suprajit Engineering Limited, Bengaluru	Others	2,892,000	2,892,000	-	-	0.08	0.08
	Ucal Fuel Systems Limited, Chennai	Others	91,760	91,760	-	-	0.25	0.25
(ii)	Unquoted							
	Green Infra BTV Limited, Chennai (formerly known as TVS Energy Limited)	Others	4,500,000	4,500,000	5.54%	5.54%	4.50	4.50
	Green Infra BTV Limited, Chennai (formerly known as TVS Energy Limited)	Others	3,250,000	3,250,000	4.00%	4.00%	3.25	3.25
	Sundaram Non Conventional Energy Systems Limited, Chennai	Associate	117,650	117,650	23.53%	23.53%	0.12	0.12
	TVS Training and Services Limited, Chennai	Associate	2,763,359	2,000,000	30.53%	30.53%	2.76	2.00
	TVS Lanka (Private) Limited, Colombo	Others	5,000,000	5,000,000	-	-	2.08	2.08
	Sundaram Engineering Products Services Limited, Chennai	Others	-	7,746	-	-	-	0.01
	Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited)	Associate	40,000,000	40,000,000	48.80%	48.80%	40.00	40.00
	TVS Motor Services Limited, Chennai	Others	380,000	380,000	-	-	0.38	0.38
	Sai Regency Power Corporation Private Limited, Chennai	Others	375,000	375,000	-	-	0.38	0.38
	Green Infra Wind Energy Theni Limited (formerly known as TVS Wind Energy Ltd)	Others	3,000,000	3,000,000	-	-	3.00	3.00
	Green Infra Wind Power Projects Limited, New Delhi	Others	63,600	-	-	-	0.06	-
	Add / ( Less): Share of associate profit						8.65	4.71
	<b>Total (a)</b>						<b>65.98</b>	<b>61.23</b>
(b)	Investment in Preference shares - Fully paid-up							
	Unquoted							
	TVS Motor Services Limited, Chennai - Non Cumulative Redeemable Preference Shares	Others	10,000,000	10,000,000	-	-	10.00	10.00
	TVS Motor Services Limited, Chennai	Others	546,010,000	446,010,000	-	-	546.01	446.01
	Pinnacle Engines Inc., USA (face value 0.01 cent)	Others	2,409,638	2,409,638	-	-	11.70	11.70
	<b>Total (b)</b>						<b>567.71</b>	<b>467.71</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated notes on financial statements – (continued)

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

Sl. No.	Name of the body corporate	Subsidiary/ associate/JV controlled entity	No. of Shares / Units		Extent of holding (%)		Rupees in crores	
			As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
(c)	Investment in Private equity instruments - Unquoted TVS Shriram Growth fund Scheme 1A of TVS Capital Funds Limited, Chennai TVS Shriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai <b>Total (c)</b>	Others Others	80,387.55 75,000	85,516.22 30,000	- -	- -	8.04 7.50	8.55 3.00
	<b>Total A (a+b+c)</b>						<b>15.54</b>	<b>11.55</b>
<b>B</b>	<b>Other Investments</b>						<b>649.23</b>	<b>540.49</b>
(a)	Investment in Equity instruments - Partly paid-up - Unquoted Adyar Property Holding Company Limited, Chennai- Cost Rs. 6825	Others	105	105	-	-	-	-
(b)	Employees pension related - Unquoted ICICI Prudential Life Insurance Company Limited, Mumbai Life Insurance Corporation of India, Chennai - Pension Policy ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai Life Insurance Corporation Pension Policy, Mumbai Life Insurance Corporation Pension Policy, Mumbai	Others Others Others Others Others Others	- - - - -	- - - - -	- - - - -	- - - - -	4.45 8.25 8.79 17.64 1.00	4.45 8.25 8.79 13.48 1.03
(c)	Investment Property						28.12	24.83
(d)	Investment in National Savings Certificate (in the name of the nominee) - Face value - Rs.47,100	Others					0.00	0.00
	<b>Total B (a+b+c+d)</b>						<b>68.25</b>	<b>60.83</b>
	<b>Total (A)+(B)</b>						<b>717.48</b>	<b>601.32</b>

Summary of non-current investments (Rupees in crores)

Sl. No.	Particulars	As at 31.03.2016		As at 31.03.2015	
		Cost	Market value	Cost	Market value
(a)	Quoted investments	0.80	114.78	0.80	113.58
(b)	Unquoted investments	716.68	-	600.52	-
	<b>Total</b>	<b>717.48</b>		<b>601.32</b>	

Note: All investments are valued at cost.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated notes on financial statements – (continued)

	(Rupees in crores)	
	As at 31.03.2016	As at 31.03.2015
<b>XII. LONG-TERM LOANS AND ADVANCES</b>		
Unsecured, considered good		
(a) Capital advances	14.10	19.13
(b) Deposits made	48.81	44.24
(c) Advance payment of income tax (net of provisions)	54.04	62.70
<b>Total</b>	116.95	126.07
<b>XIII. INVENTORIES (at weighted average cost or net realisable value whichever is less)</b>		
(a) Raw Materials and components	389.00	363.83
(b) Goods-in transit- Raw Materials and components	108.11	97.41
(c) Work-in-process	89.01	71.24
(d) Finished goods	224.82	327.06
(e) Stock-in-trade	147.84	104.42
(f) Land held as Stock-in-trade	6.89	16.82
(g) Goods-in transit - Stock-in-trade	33.21	63.45
(h) Stores and spares	100.39	86.54
(i) Dies, moulds and tools	129.64	85.90
<b>Total</b>	1,228.91	1,216.67
Note: Work-in-process comprises of:		
(a) Semi finished castings pending for machining / under inspection	18.95	16.77
(b) Semi finished machined products	1.86	2.12
(c) Vehicle Pending Testing	3.79	1.04
(d) Semi-Finished Vehicles	59.76	47.67
(e) Plastic Components	1.02	0.56
(f) Moulds	3.63	3.08
	89.01	71.24
<b>XIV. TRADE RECEIVABLES</b>		
(a) Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	2.11	4.83
(ii) Considered doubtful	7.85	8.15
	9.96	12.98
Less: Provision for doubtful debts	7.85	8.15
	2.11	4.83
(b) Other unsecured debts (considered good)	644.30	572.02
<b>Total</b>	646.41	576.85

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated notes on financial statements – (continued)

	(Rupees in crores)	
	As at 31.03.2016	As at 31.03.2015
<b>XV. CASH AND CASH EQUIVALENTS</b>		
(a) Balances with banks in current account	18.74	25.66
(b) Balances with banks in fixed deposit	31.00	-
(c) Cheques / drafts on hand	0.14	0.17
(d) Cash on hand	0.81	0.88
(e) Earmarked balances with banks (for unpaid dividend)	5.86	3.20
(f) Bank Deposits with more than 12 months maturity	0.11	0.09
<b>Total</b>	56.66	30.00
<b>XVI. SHORT TERM LOANS AND ADVANCES</b>		
Unsecured considered good:		
(a) Inter Corporate deposits made	3.00	3.00
(b) Others:		
(i) Employee related	13.54	12.65
(ii) Excise current account	149.72	335.82
(iii) Vendor advance	69.91	90.80
(iv) Prepaid Expenses	18.95	14.09
(v) Advance payment of Income-tax	36.23	75.03
(vi) Export benefit	5.38	0.47
(vii) Value Added Tax receivable	346.20	220.85
(viii) Other deposits	3.85	3.52
<b>Total</b>	646.78	756.23
<b>XVII. OTHER CURRENT ASSETS</b>		
(a) Claims receivable	9.98	5.52
(b) Export incentive receivable	43.21	62.31
(c) Premium on forward contracts	10.88	1.19
(d) Interest accrued on investments and Loans & advances	0.20	0.02
(e) Hedge Instrument	3.48	4.24
(f) Others	2.14	2.45
<b>Total</b>	69.89	75.73
	(Rupees in crores)	
	Year ended	Year ended
	31.03.2016	31.03.2015
<b>XVIII. REVENUE FROM OPERATIONS</b>		
(a) Sale of products	13,562.92	11,944.15
(b) Sale of services	13.89	9.37
(c) Other operating revenues	186.39	224.24
<b>Total</b>	13,763.20	12,177.76

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated notes on financial statements – (continued)

	(Rupees in crores)	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>XIX OTHER INCOME</b>		
(a) Interest income	36.32	19.89
(b) Dividend	1.17	0.92
(c) Net gain on sale of investments	0.91	0.22
(d) Profit on sale of fixed assets	0.65	0.38
(e) Other non-operating income	2.49	16.11
<b>Total</b>	41.54	37.52
<b>XX MATERIAL COST</b>		
Cost of Materials consumed		
Opening stock of raw materials and components	363.83	250.38
Add: Purchases	8,179.43	7,724.44
	8,543.26	7,974.82
Less: Closing stock of raw materials and components	389.00	363.83
Cost of materials consumed	8,154.26	7,610.99
Purchases of traded goods	266.13	226.90
Changes in inventories of finished goods, work-in-process and stock-in-trade:		
Opening stock:		
Work-in-process	71.24	59.88
Stock-in-trade	104.42	58.69
Land held as Stock-in-trade	16.82	27.44
Finished goods	327.06	258.88
<b>Total (A)</b>	519.54	404.89
Closing stock:		
Work-in-process	89.01	71.24
Stock-in-trade	147.84	104.42
Land held as Stock-in-trade	6.89	16.82
Finished goods	224.82	327.06
<b>Total (B)</b>	468.56	519.54
<b>Changes in inventories (A)-(B)</b>	50.98	(114.65)
<b>XXI EMPLOYEE BENEFITS EXPENSE</b>		
(a) Salaries and wages	806.92	714.52
(b) Contribution to provident and other funds	57.02	38.71
(c) Welfare expenses	90.08	88.86
<b>Total</b>	954.02	842.09
<b>XXII FINANCE COSTS</b>		
(a) Interest expense	87.72	74.69
(b) Other borrowing costs	1.05	0.33
(c) Others-Exchange fluctuation	11.57	23.97
<b>Total</b>	100.34	98.99

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated notes on financial statements – (continued)

	(Rupees in crores)	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>XXIII OTHER EXPENSES</b>		
(a) Consumption of stores, spares and tools	129.76	130.75
(b) Power and fuel	192.09	201.39
(c) Rent	51.11	40.60
(d) Repairs - buildings	32.51	30.06
(e) Repairs - plant and equipment	94.02	77.82
(f) Repairs - others	1.69	1.59
(g) Insurance	9.53	6.11
(h) Rates and taxes excluding taxes on income	9.17	10.42
(i) Audit fees	1.83	1.70
(j) Packing and freight charges	522.32	511.64
(k) Sales related expenses	412.70	321.25
(l) Loss on sale of fixed assets & impairment	4.26	0.65
(m) Net loss on exchange related fluctuations	9.31	-
(n) Marketing and advertisement	326.99	269.26
(o) Corporate Social Responsibility Expenditure	8.04	6.98
(p) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.1 lakh, whichever is higher)	479.37	447.47
<b>Total</b>	<b>2,284.70</b>	<b>2,057.69</b>

### XXIV ACCOUNTING STANDARDS, ADDITIONAL DISCLOSURES AND NOTES ON FINANCIAL STATEMENTS

#### 1 Consolidation of Financial Statements

##### A. Basis of accounting

The financial statements relating to Sundaram-Clayton Limited (parent company), its subsidiaries and associates are prepared under the historical cost convention and comply with the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013.

##### B. Principles of consolidation

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

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

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

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

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

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

## Consolidated Financial Statements of Sundaram-Clayton Limited

### XXIV Accounting Standards, Additional Disclosures and Notes on Financial Statements - (continued)

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

Name of the body corporate	Country of incorporation	Shareholding as on	Extent of holding (%)	
			Direct	Indirect
<b>I) SUBSIDIARIES:</b>				
TVS Motor Company Ltd, Chennai	India	31-03-2016	57.40	–
Sundaram Auto Components Ltd, Chennai	India	31-03-2016	–	57.40
TVS Motor (Singapore) Pte Ltd, Singapore	Singapore	31-03-2016	–	57.40
TVS Motor Company (Europe) B.V., Amsterdam	Netherlands	31-03-2016	–	57.40
PT TVS Motor Company Indonesia, Jakarta	Indonesia	31-03-2016	–	57.40
Sundaram- Clayton (USA) Limited, Illinois, USA	USA	31-03-2016	100.00	–
Sundaram Holding USA Inc., Delaware, USA	USA	31-03-2016	25.00	43.05
Sundaram Business Development Consulting (Shanghai) Co. Limited, China (Reporting Date : 31-12-2015)	China	31-03-2016	–	57.40
TVS Housing Ltd ,Chennai	India	31-03-2016	–	57.40
<b>II) ASSOCIATES:</b>				
Sundram Non-Conventional Energy Systems Limited, Chennai	India	31-03-2016	23.53	–
TVS Training and Services Limited, Chennai	India	31-03-2016	30.53	–
Emerald Haven Realty Limited, Chennai	India	31-03-2016	–	28.00

#### E. Other Significant Accounting Policies

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

(Rupees in crores)

As at /	As at /
Year ended	Year ended
31.03.2016	31.03.2015

#### 2 Trade payables include

Amount due to Small Scale Industrial units	51.06	38.16
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## Consolidated Financial Statements of Sundaram-Clayton Limited

### XXIV Accounting Standards, Additional Disclosures and Notes on Financial Statements - (continued)

	(Rupees in crores)	
	As at / Year ended 31.03.2016	As at / Year ended 31.03.2015
<b>3 Contingent liability not provided for</b>		
a) On counter guarantees given to bankers	112.67	63.99
b) On letters of credit opened with bankers	260.08	212.03
c) On partly paid shares (Rs.3,675)	–	–
d) Estimated amount of contracts remaining to be executed on capital account	170.67	144.07
e) On guarantees furnished on behalf of loans granted to employees (Current year Rs.13,268/-; Previous year Rs. 26,127/-)	–	–
f) On account of future export obligations (on account of import of capital goods under Export Promotion Capital Goods Scheme)	83.13	96.68
g) On bills of exchange discounted	72.76	150.11
h) Commitment for Capital contribution to TVS Shriram Growth Fund scheme of TVS Capital Funds.	–	4.50
i) Obligation arising out of agreements facilitating credit to a company	33.34	41.66
j) On factoring arrangements	4.21	3.78
<b>4 Liability contested and not provided for</b>		
a) Excise duty	49.04	83.93
b) Income tax	21.62	26.90
c) Sales tax	16.29	4.03
d) Service tax	13.03	11.30
e) Customs	1.96	1.96
f) Others	4.20	4.34

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



## Consolidated Financial Statements of Sundaram-Clayton Limited

### XXIV Accounting Standards, Additional Disclosures and Notes on Financial Statements - (continued)

#### 6 (a). Segment revenues, results and other information

Information about primary business segments

(Rupees in crores)

Particulars	Business segments									
	Automotive components		Motor Vehicles		Others		Total			
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
External sales - domestic - exports	714.89	619.36	7,744.56	7,713.80	17.20	11.40	8,476.65	8,344.56	4,123.78	2,995.15
Inter segment sales	633.32	579.07	2,265.69	1,788.92	-	-	2,899.01	2,367.99	15,499.44	13,707.70
Total sales	1,932.63	1,761.56	13,549.61	11,934.74	17.20	11.40	2,899.01	2,367.99	11,339.71	11,339.71
Less: Inter segment sales	633.32	579.07	2,265.69	1,788.92	-	-	660.63	515.80	4.23	4.29
Net Revenue	1,299.31	1,182.49	11,283.92	10,145.82	0.74	0.65	(100.33)	(98.99)	6.11	61.33
Segment results before interest and tax	119.97	117.06	539.92	398.09	-	-	570.64	482.43	-	-
Add: Inter segment revenue							162.40	137.24		
Less: Interest							408.24	345.19		
Add : Exceptional items										
Add : Extraordinary income										
Profit before tax										
Taxes										
Profit after tax										
Segment Assets	1,452.10	1,342.01	4,715.32	4,333.70	7.77	17.32	6,175.18	5,693.03	4,041.97	3,958.63
Segment Liabilities	875.10	846.95	3,158.69	3,094.06	8.18	17.62	657.44	457.55	271.24	238.41
Total cost incurred during the year to acquire segment assets	133.14	88.88	524.30	368.67	-	-				
Segment Depreciation	68.33	71.55	202.91	166.86	-	-				

Notes :

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

## Consolidated Financial Statements of Sundaram-Clayton Limited

### XXIV Accounting Standards, Additional Disclosures and Notes on Financial Statements - (continued)

#### 6 (b). Additional Information on net assets and share of profits as at 31<sup>st</sup> March 2016

Name of the entity	Net Assets (Total Assets - Total Liabilities)		Share in profit or (loss)	
	As % of consolidated net assets	Amount Rs. in crores	As % of consolidated profit or loss	Amount Rs. in crores
1	2	3	4	5
<b>Parent</b>				
Sundaram-Clayton Limited, Chennai	30.75	431.20	57.33	139.60
<b>Subsidiaries - Indian</b>				
TVS Motor Company Limited, Chennai	138.13	1,936.80	177.47	432.14
Sundaram Auto Components Limited, Chennai	9.29	130.18	11.76	28.64
TVS Housing Limited, Chennai	0.04	0.54	0.08	0.20
<b>Subsidiaries - Foreign</b>				
Sundaram-Clayton (USA) Limited, Illinois (Net assets - Rs.67,772/- ; Profit after tax - Rs.40,426/-)	0.00	-	0.00	0.01
TVS Motor (Singapore) Pte Limited, Singapore	13.87	194.47	-0.32	(0.78)
TVS Motor Company Europe B.V., Amsterdam	0.23	3.28	-0.16	(0.39)
PT. TVS Motor Company Indonesia, Jakarta	5.54	77.68	-29.39	(71.57)
Sundaram Business Development Consulting (Shanghai) Co. Ltd, Shanghai	0.01	0.18	0.00	-
Sundaram Holding USA Inc., Delaware, USA			-0.83	(2.03)
Sub-total		2,774.33		525.82
Minority Interest in all subsidiaries	41.18	577.44	67.66	164.74
Sub-total		2,196.89		361.08
Add:				
<b>Associates - Indian</b> (Investment as per the equity method)				
Sundram Non-Conventional Energy Systems Limited, Chennai	0.08	1.10	0.14	0.33
TVS Training and Services Limited, Chennai	0.15	2.14	0.05	0.11
Emerald Haven Realty Limited, Chennai	3.47	48.64	1.56	3.79
Sub-total	160.38	2,248.77	150.02	365.31
Less: Effect of intercompany eliminations	60.38	846.65	50.02	121.81
<b>Total</b>	100	1,402.12	100	243.50

#### Note

Net Assets and Share in Profit or Loss of Parent Company and its subsidiaries are as per the Standalone Financial Statements of the respective entities.

## Consolidated Financial Statements of Sundaram-Clayton Limited

### XXIV Accounting Standards, Additional Disclosures and Notes on Financial Statements - (continued)

#### 7 Related party disclosures

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

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

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

##### (b) Particulars of transactions with related parties during the year 2015-16

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Amount
1	Purchase of power	Sundram Non-Conventional Energy Systems Limited, Chennai	0.62 (0.69)
2	Lease rent received	Sundram Non-Conventional Energy Systems Limited, Chennai - Rs.48,000	- (-)
3	Receiving of services	TVS Training and Services Limited, Chennai	- (0.31)
4	Receivables	Emerald Haven Realty Limited, Chennai	0.13 (-)
5	Payables	Sundram Non-Conventional Energy Systems Limited, Chennai	0.04 (0.01)
		TVS Training and Services Limited, Chennai	0.01 (0.03)

Previous years figures are furnished in brackets

VENU SRINIVASAN  
Chairman & Managing Director

Dr. LAKSHMI VENU  
Joint Managing Director

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

Chennai  
12<sup>th</sup> May 2016

V N VENKATANATHAN  
Chief Financial Officer

R RAJA PRAKASH  
Company Secretary

M BALASUBRAMANIAM  
Partner  
Membership No. F7945

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March 2016

	(Rupees in crores)	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	566.41	478.14
Add: Depreciation and amortisation for the year	271.24	238.41
Movement in reserves on account of consolidation	(37.73)	(52.40)
Loss on sale of fixed assets	4.26	0.65
Profit on sale of fixed assets	(0.65)	(0.38)
Profit on sale of investments	(0.91)	(0.22)
Other non-operating income	(2.49)	(16.11)
Exceptional (Income)/loss	(6.11)	(61.33)
Dividend income	(1.17)	(0.92)
Interest income	(36.32)	(19.89)
Interest expenditure	100.34	98.99
	290.46	186.80
<b>Operating profit before working capital changes</b>	<b>856.87</b>	<b>664.94</b>
Adjustments for:		
Trade Receivables	(69.56)	(62.11)
Inventories	(12.24)	(361.46)
Short-term loans and advances	70.65	(289.95)
Other current assets	5.84	12.22
Trade payables	124.91	252.18
Other current liabilities (excluding current maturities of long term loans)	42.18	63.88
Short-term provisions	26.55	8.68
	188.33	(376.56)
Cash generated from operations	1,045.20	288.38
Direct taxes paid	(85.31)	(150.23)
<b>Net cash from operating activities (A)</b>	<b>959.89</b>	<b>138.15</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (including capital work-in-progress)	(628.22)	(503.04)
Sale of fixed assets (net of depreciation)	52.79	77.50
Profit on sale of fixed assets	0.65	0.38
Loss on sale of fixed assets	(4.26)	(0.65)
Long-term loans and advances	0.46	(15.76)
Other non-current assets	-	(4.03)
Purchase of investments (net of sale)	(112.22)	(98.02)
Exceptional income / (loss)	6.11	61.33
Profit on sale of investments	0.91	0.22
Interest received	36.32	19.89
Dividend received	1.17	0.92
<b>Net Cash used in investing activities (B)</b>	<b>(646.29)</b>	<b>(461.26)</b>

## Consolidated Financial Statements of Sundaram-Clayton Limited

### Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March 2016 (continued)

		(Rupees in crores)	
		Year ended 31.03.2016	Year ended 31.03.2015
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Borrowings:			
Long-term loans availed / (repaid)		77.90	33.60
Short-term loans availed / (repaid)		(151.71)	303.68
Long-term provisions		(6.64)	(7.67)
Other long term liabilities		3.29	–
Other non-operating income		2.49	16.11
Interest expense		(100.34)	(98.99)
Dividend and dividend distribution tax thereon		(149.70)	(67.81)
<b>Net cash from financing activities</b>	<b>( C )</b>	<u>(324.71)</u>	<u>178.92</u>
<b>D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	<b>(A+B+C)</b>	(11.11)	(144.18)
Cash and cash equivalents at the beginning of the year			
Cash and Bank	30.00	104.01	
Cash credit balance	<u>(272.85)</u>	<u>(202.68)</u>	
		(242.85)	(98.67)
Cash and cash equivalents at the end of the year			
Cash and Bank	56.66	30.00	
Cash credit balance	<u>(310.62)</u>	<u>(272.85)</u>	
		(253.96)	(242.85)

Notes:

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

VENU SRINIVASAN  
Chairman & Managing Director

Dr. LAKSHMI VENU  
Joint Managing Director

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

Chennai  
12<sup>th</sup> May 2016

V N VENKATANATHAN  
Chief Financial Officer

R RAJA PRAKASH  
Company Secretary

M BALASUBRAMANIAM  
Partner  
Membership No. F7945

## 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 / joint ventures

##### Part "A": Subsidiaries

Rs. in crores

S. No	Particulars	Indian Subsidiaries			Foreign Subsidiaries					
		TVS Motor Company Limited	Sundaram Auto Components Limited	TVS Housing Limited	Sundaram-Clayton USA Limited	TVS Motor (Singapore) Pte. Limited	TVS Motor Company (Europe) B.V.	PT. TVS Motor Company Indonesia	Sundaram Holding USA Inc.	Sundaram Business Development Consulting (Shanghai) Co. Limited
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period									1 <sup>st</sup> Jan 2015 - 31 <sup>st</sup> Dec 2015
2.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.				USD - INR 66.255/ USD	SGD - INR 49.265/ SGD	USD - INR 66.255/ USD	IDR - INR 0.50/ IDR 100	USD - INR 66.255/ USD	RMB - Rs.10.2466/ RMB
3.	Share capital	47.51	11.55	0.05	-	203.21	126.52	623.90	0.01	1.25
4.	Reserves & Surplus	1889.29	118.63	0.49	0.01	(8.74)	(123.24)	(546.22)	(2.06)	(1.07)
5.	Total assets	4962.57	415.25	8.71	0.17	250.11	3.42	330.49	0.01	0.18
6.	Total Liabilities	4962.57	415.25	8.71	0.17	250.11	3.42	330.49	0.01	0.18
7.	Investments	1184.57	32.12	-	-	196.12	0.00	0.00	0.00	0.00
8.	Turnover	11295.18	2737.29	17.23	0.07	4.28	0.02	89.03	0.00	0.00
9.	Profit before taxation	565.97	42.24	0.73	0.01	(0.78)	(0.39)	(71.57)	(2.03)	0.00
10.	Provision for taxation	133.83	13.60	0.54	-	0.00	0.00	0.00	0.00	0.00
11.	Profit after taxation	432.14	28.64	0.19	0.01	(0.78)	(0.39)	(71.57)	(2.03)	0.00
12.	Proposed Dividend	-	-	-	-	-	-	-	-	-
13.	% of shareholding	57.40	57.40	57.40	100	57.40	57.40	57.40	68.05	57.40

##### Notes:

- Names of subsidiaries which are yet to commence operations - Sundaram Holding USA Inc.
- Names of subsidiaries which have been liquidated or sold during the year - Nil

## Consolidated Financial Statements of Sundaram-Clayton Limited

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

**Part "B": Associates and Joint Ventures**

Rs. crores

S. No	Name of Associates	TVS Training and Services Limited	Sundram Non-Conventional Energy Systems Limited	Emerald Haven Realty Limited
1.	Latest audited Balance Sheet Date	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2016
2.	Shares of Associate / Joint Ventures held by the Company on the year end			
	(i) No. of shares	27,63,359	1,17,650	4,00,00,000 (by TVSM)
	(ii) Amount of Investment in Associates / Joint Venture	2.76	0.12	40.00
	(iii) Extend of Holding %	30.53	23.53	28.00
3.	Description of how there is significant influence	Holding more than 20%, having significant influence as per AS-23 issued by ICAI.	Holding more than 20%, having significant influence as per AS-23 issued by ICAI.	Holding more than 20%, having significant influence as per AS-23 issued by ICAI.
4.	Reason why the associate/joint venture is not consolidated	-	-	-
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	2.39	0.81	31.60
6.	Profit / Loss for the year			
	(i) Considered in Consolidation	0.11	0.33	3.79
	(ii) Not Considered in Consolidation	0.25	1.08	9.74

- Names of associates or joint ventures which are yet to commence Operations - Nil
- Names of associates or joint ventures 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  
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